

FINANCIAL TIMES

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D 8523 B

Nigerian crisis:
scapegoats for
an oil glut, Page 14

NEWS SUMMARY

GENERAL

Zapu 'trying to topple Mugabe'

Tensions in Zimbabwe between Mr Robert Mugabe's Zanu-PF Government and Mr Joshua Nkomo's opposition Zapu party heightened as ministers blamed Zapu for banditry and dissident activity in Matabeleland.

Dr Sekemayi, Minister for Security, said the dissidents were trying to achieve "virtual secession", while the Zapu leadership was trying to topple the Government.

Another security minister, Emerson Munangwa, claimed senior politicians were intimately involved in managing the dissident campaign.

Kohl moves ahead

West Germany's Konrad opinion poll shows Chancellor Helmut Kohl's Christian Democrats surging ahead and forecasts they will get 49 per cent of the vote in the March 6 election.

Rioting in Assam

The Indian army was patrolling the Manganal district of Assam after pre-election riots in which two people died when police opened fire.

Lagos arson charge

Nigerian newspaper columnist Ray Ekpu was charged with burning down the telecommunications building in Lagos last week. Nigerian crisis, Page 14

Poland closes UPI

Polish authorities closed the offices of United Press International in Warsaw. The U.S. correspondent, Ruth Gruber, was expelled last month.

Izvestia editor goes

The editor of the Soviet government daily Izvestia, Pyotr Alexeyev, 70, has been replaced by Lev Tokunov, the man he succeeded seven years ago.

New Zealand switch

New Zealand's opposition Labour Party elected lawyer David Lange as its leader to replace former premier Bill Rowling.

Greenland step

The European Commission took the first step to smooth Greenland's departure from the EEC by proposing that it be given privileged overseas status.

Thai army move

Thailand's King Bhumibol Adulyadej summoned an emergency session of parliament to alter the constitution to allow the army-dominated senate to retain its powers.

Plutonium 'for sale'

British arms dealer Gary Howard, giving evidence against Ian Smalley in Dallas, Texas, said he once knew of "weapons-grade" plutonium for sale by former Portuguese mercenaries.

Hounded out

Authorities in Bali have told owners of imported dogs to ship their pets out of the tourist island to keep it free of rabies.

Detention denied

East Germany denied former world champion figure-skater Anett Pötzsch had been detained for trying to flee the country.

Briefly...

Israel's toll since its June invasion of Lebanon is 400 killed, 2,567 wounded.

Five bombs exploded at a water pumping station near Maseru, Lesotho.

BUSINESS

London equities reach new high

LONDON: equities advanced as investors saw signs of cheaper international money. The FT Industrial Ordinary index jumped 14.6 to a record 448.8. The FT-Actuaries index added 1.4 per cent to a best-ever 403.82. Government Securities rose, with some long up 1% and shorts 1/4. Page 25. FT Share Information Service, Pages 28, 31

WALL STREET: Dow Jones

Index closed up 2.02 at 1064.66. Pages 25-28

TOKYO: Nikkei Dow fell

116.76 to 7,981.29. Stock Exchange index lost 6.51 to 582.04. Pages 25, 28

HONG KONG: Hang Seng index

was 6.73 lower at 888.08. Pages 25, 28

AUSTRALIAN all-shares index

tumbled 17.4 to 527.7. Pages 25, 28

FRANKFURT: Commerzbank

index gained 6.7 at 757. Pages 25, 28

DOLLAR fell to DM 2.465

(DM 2.465, FF 5.902, FF 7.0775). SwFr 2.019 (SwFr 2.0175) and 728.75 (724.25). Its Bank of England trade-weighted index was 121.3 (122.1). Page 32

STERLING rose 1 cent to \$1.25

but fell to DM 3.755 (DM 3.7825). SwFr 3.08 (SwFr 3.1025). FF 10.86 (FF 10.72) and 736.45 (736.25). Its trade-weighting was 80.9 (81.2). In New York the pound closed at \$1.2375. Page 32

GOLD rose \$3 to \$502.5

in London. In Frankfurt and Zurich it gained \$5 to \$503.5. In New York the Comex February settlement was \$496.7 (\$507.3). Page 29

ZINC: three producers have cut

posted prices in Europe from \$800 to 750 a tonne. Page 29

SOVIET UNION hopes to boost

bilateral trade with China by 40 per cent this year following a similar rise last year.

ISRAELI foreign debt servicing

in the coming fiscal year could reach \$2.5bn, equal to total U.S. aid. Page 3

EEC authorised Greece to place

restrictions on 11 products from other EEC countries until the end of the year.

SPAIN'S current account deficit

narrowed by more than \$900m last year to just over \$4bn.

ITALY'S Government will shortly

consider a plan to cut steelmaking capacity by 2.4m tonnes. Page 2

GENERAL DYNAMICS, the U.S.

defence contractor, announced almost doubled fourth-quarter net earnings of \$64.1m against last year's \$32.6m on sales of \$1.84bn compared to \$1.23bn. Full year profit rose to \$132.8m from \$124.1m on sales of \$6.15bn against \$4.78bn.

DOW CHEMICAL of the U.S.

reported a 30 per cent drop in net earnings to \$399m last year. Page 1

SPANISH Government has waived

compulsory deposit rules in order to facilitate the rescue of Banco Urquijo. Page 17

PAN AM, the U.S. airline, reported

a larger than expected net loss for the year of \$485m, after a loss of \$272.9m in the fourth quarter. Feature, Page 16

DOMS PETROLEUM plans to

sell 10.3m shares, half its stake in Transcanada Pipeline for C\$250m (US\$203m). Page 17

Germany's jobless total hits 2.5m post-war record

BY STEWART FLEMING IN FRANKFURT

Unemployment in West German surged to a record post war high of almost 2.5m in January, posing a major challenge to the right of centre coalition headed by Dr Helmut Kohl in the approach to the general election on March 6.

The increase, which takes the unemployment rate to 10.2 per cent compared with 9.1 per cent in December, is much sharper than had been widely expected. And there are fears in the Government that the figures for February may be even worse.

Government ministers moved quickly in an attempt to reduce the electoral threat. Dr Kohl called on the West German Trades Union Federation to work with the coalition Government of the Christian Democrats, Christian Social Union, and Free Democrats to overcome the unemployment problem.

He suggested that the unions (traditional supporters of the rival Social Democrats) join discussions with the Government and the employers on tackling unemployment. Herr Josef Stungl, president of the Federal Labour Office said unemployment had risen sharply in spite of the mild winter weather, an increase which reflected continuing weakness in the economy.

Dr Kohl claimed that signs of a revival in economic activity this year were appearing. He cited figures showing a sharp rise in new industrial orders in the Federal Republic in December.

It is the second consecutive month in which figures for new orders, a rough forward indicator of economic activity in the industrial sector, have increased. In November and December new orders were up by 7.5 per cent in real terms compared with the previous two months. The increase was entirely the result of the strength of the domestic market where orders were ahead by 10 per cent. Foreign orders were down by 0.5 per cent in this period, partly because of a hefty 5.5 per cent fall in December.

However, it is generally thought that the rise overstates the underlying strength of order books. The expiry of the Government's investment subsidy at the end of the year is one factor which has encouraged companies to bring forward orders which might otherwise have been postponed until the new year. In addition, in some industries orders are being written with a clause which allows them to be cancelled

after the general election - a move designed to protect companies if they feel the election results are unfavourable to the corporate sector.

On the other hand, signs of a revival of demand are not limited to the investment goods sector. Both consumer goods and production goods orders in the domestic market have also risen.

But most economists are convinced that the West German economy will show no overall real growth this year even if a slight recovery sets in towards the start of 1984.

Moreover, even strong growth is not expected to result in a substantial reduction in unemployment in the next few years.

Unemployment in Norway, until recently almost negligible compared with levels in the rest of Europe, is now at a post-war high. The total reached 67,800 in January, more than 4 per cent of the labour

Continued on Page 16

Moscow trying to influence vote. Page 2: UK unemployment rises. Page 16

Grundig pushes merger as 2,000 jobs are cut

BY OUR FRANKFURT CORRESPONDENT

GRUNDIG, the West German consumer electronics concern, yesterday launched a bitter attack on politicians, trade unions and the media, blaming them collectively for its decision to make 2,000 of its 30,000 workforce redundant.

In a move which will be seen as an attempt to increase the pressure for early approval of its plan to merge with the French electronics company, Thomson-Brandt, Grundig said that six of its factories would be affected by the redundancies. One of them, in Dachau would be closed.

Grundig said that in recent months it had kept employment levels at these works above its immediate needs, partly on account of the Christmas period but also because of the employment situation in the country.

"A vital consideration, too, was that the planned co-operation with Thomson-Brandt - in particular with its German subsidiaries -

could offer possibilities for employment in Grundig's German plants," the company said. It added: "Because the negotiations with the French company have been decisively influenced through political factors, by the trade unions through the works councils, the reaction of employees and above all through the mass-media, the board of the company must now plan for the 1983-84 financial year on the basis of the sales prospects of Grundig alone."

Grundig said the recently postponed merger with the AEG-Telefunken consumer electronics subsidiary, Telefunken, could also have had a positive impact on employment. Instead, the company now had to plan for much reduced sales, particularly in the video-recorder sector. This, together with technical changes in production, meant that fewer workers were needed. Grundig added that its cautious planning

"corresponds to the consistent demands from workers' representatives for a restrained business policy."

Grundig's announcement comes amid widespread confusion and speculation about the prospects of Thomson-Brandt completing its acquisition of control of Grundig.

Discussions have been held this week about the possibility of the West German companies Siemens and Robert Bosch playing some - albeit unidentified - role in Grundig's future alongside Thomson-Brandt and the Dutch electrical concern, Philips.

Behind these considerations lies the widespread political opposition to the French concern taking majority control of the company, to which Grundig referred in its statement yesterday.

Thorn-EMI may build JVC television. Page 16

Background, Page 17

Thyssen losses continue

BY JAMES BUCHAN IN BONN

THYSSEN, the diversified West German industrial group that is Europe's largest private steelmaker, reported net losses in the year to last September marginally down from DM 68m to DM 66m (\$26m).

In a year when operations were badly hampered by difficulties at Thyssen's main U.S. subsidiary, The Budd Company, the group managed to increase sales revenues (excluding intra-group) by 9 per cent to DM 30.8bn.

A good performance by Thyssen Industrie within the capital goods division and "double-figure" profit on steelmaking were wiped out by the draining of more than DM 350m to Budd during the year.

Thyssen will pay a dividend of DM 3 per DM 50 share, the level set in 1980-81 and half the payout of the year before.

Dr Dieter Spethmann, chief executive, said that in the last quarter of the 1982 calendar year, monthly sales were down an average of 12 per cent on the equivalent period of

1981 and there were double figure declines in all divisions, except Thyssen Industrie.

In the face of the catastrophic state of the West German steel industry since last summer, Dr Spethmann pressed the Bonn government for "material backing" for a new crisis plan, which envisages the merger of the steel and special steel operations of Thyssen and Krupp.

In remarks that contrasted strongly with his tempered optimism 12 months ago, Dr Spethmann pointed to weaknesses in all areas of Thyssen's business.

Steel: Still accounting for 24 per cent of the group's sales, the steel division came back from operating loss of more than DM 300m to a small profit in 1981-82, thanks to higher steel prices. However, the collapse in domestic and foreign demand since then has meant a 30 per cent decline in steel production and a 26 per cent drop in sales in the last quarter of the calendar year

compared with the same 1981 period.

Special steels: A similar collapse in demand, and a sharp increase in imports, caused sales in this division almost to stagnate. In the last quarter of calendar 1982, orders booked fell a full 23 per cent.

Capital goods: Rationalisation at Thyssen Industrie, whose domestic operations largely consist of units taken over from Rhein Stahl in 1973, contributed to DM 165m in pre-tax earnings. However, the DM 5.7bn of orders in hand at the end of September at Thyssen Industrie, is shrinking in the face of weak domestic industrial investment.

Steel trading and construction: Weak demand for steel products in the U.S. undermined a "satisfactory" result for the division in 1981-82, but Dr Spethmann hoped that the lower sales in the last quarter of calendar 1982 would not prove lasting.

Lex, Page 16

Hungary to set up free trade zones

By David Buchan, East Europe Correspondent, in Budapest

HUNGARY has decided to set up customs-free zones for joint ventures involving foreign companies and local enterprises, in a move to boost exports that is virtually unprecedented in Communist countries.

The new decree creates "off-shore" manufacturing bases. Duty on raw materials and component imports would not be paid if the end product was re-exported, and import tariffs would only be levied if the product was sold inside Hungary.

Joint ventures in the new customs-free zones will also be freed of many Hungarian regulations on wages, prices, investment and even on cars.

Since the new decree came into force last month one U.S. company has already offered to set up a customs-free joint venture with a local concern, Budavari, for the manufacture of printed circuits, according to Mr. T. Antalpet, director general of the Foreign Trade Ministry.

Despite relatively liberal joint venture legislation, allowing free repatriation of profit and investment, Hungary has so far only attracted 11 foreign joint ventures onto its soil, though it has nearly 70 trading and marketing joint ventures abroad, including four in the U.K.

With these new zones "we will at least know that if we are not getting any new joint ventures, it is due to the poor world business climate, not to Hungarian obstacles," Mr Antalpet said.

In return for a \$600m IMF standby loan, Hungary has this year put itself under an IMF programme whose main goal is a \$600m surplus on current account for the country.

This would entail increasing this year's trade surplus to \$1bn, compared to \$700m in 1982. Hungary feels it needs to attract more Western co-operation in increasing its exports to markets outside the EEC. Sixty per cent of its convertible currency earning exports go to the Common Market, but Hungarian officials complain of growing protectionism there.

There are around 400 freeports or free trade zones in the world, including Hong Kong, Hamburg, Panama and Miami among the biggest. In the Far East, they are believed to have created over 200,000 jobs. Last month, it was reported that Yugoslavia was about to establish one and that China was considering the idea.

BNOC will backdate any oil price cuts

BY CARLA RAPOPORT AND ROGER MATTHEWS IN LONDON

BNOC, Britain's lead trader of North Sea crude, has told suppliers that any cut in the oil price is likely to be backdated. This is a move designed to prepare suppliers for lower revenues and to ease the pressures from customers who are clamouring for an immediate cut in price.

Officially, the company will state only that negotiations with customers and suppliers are continuing. Major suppliers said yesterday, however, that BNOC had established the notion of backdating a price cut, possibly to February 1, in order to put off an immediate price cut which many fear could undermine the international oil market.

It now appears that the company will complete its talks in a week or two, further underlining the widely-held view within the industry that oil prices will fall around the middle of this month.

BNOC's move, however, did not go very far towards placating many large customers yesterday, who want the official price of North Sea oil, now \$33.50, to fall more towards the spot market price of around \$29.

Gulf Oil, one of the U.S. majors, yesterday raised the possibility that it might cut back its liftings of oil in the North Sea if the price did not fall soon. "We are still in talks," a Gulf executive said last night, "but

our lifting volumes will be determined by price."

Industry officials said last night that Gulf had turned down a cargo of oil from the North Sea this week and diverted a ship en route to the North Sea back to Europe.

In Tokyo, the Mitsubishi Oil Company refused to confirm or deny persistent reports that it had contracted to buy 900,000 barrels of oil from Kuwait at a discount of nearly \$4 from the previous \$32.50 a barrel.

Reports said that Mitsubishi expected to take delivery of the oil towards the end of this month. The company has been buying about 27,000 b/d from Kuwait under long-term contracts. Kuwaiti officials denied earlier this week that discounts were being offered.

Further indications of growing pressure on Nigeria to reduce its prices came in a statement from Mr Alex Ekwueme, the vice-president. He told Nigerian newspaper editors yesterday that no oil had been exported for the past five days. Nigerian output dropped last month to an estimated 800,000 b/d.

Mr Marc Van Nieuwen, the secretary general of the Organisation of Petroleum Exporting Countries (Opec), said yesterday during a visit to Venezuela that there would not be just a single response to the

Continued on Page 16

Fraser decides snap election in Australia

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIA will hold a general election on March 5, in which the key issues will be wage inflation, and economic management.

In a day of drama that rivalled the sacking of the Whitlam Labor Government in 1975, Mr Malcolm Fraser, the Liberal-National party coalition leader, yesterday announced a double dissolution of Parliament. At the same time Mr Bill Hayden stepped down as leader of the Labor party (ALP).

Mr Hayden's successor, Mr Bob Hawke, is a former president of the Australian Council of Trade Unions (ACTU) and will prove a formidable opponent in a contest that will be bitterly fought.

The stock market reacted violently. The all-ordinaries index fell 17.5 points (3.2 per cent) to 527.7 with a far bigger fall of 6.4 per cent in the Metals and Minerals index.

Investors are worried by uncertainties over Labor's economic programme. The greatest concern involves Labor's plans for minerals and energy.

The Liberal National Party coalition holds 73 seats in the House of Representatives, to Labor's 52. To gain office, Labor needs an across the board swing of about 1.5 per cent. The Senate is already controlled by Labor and the Democrats.

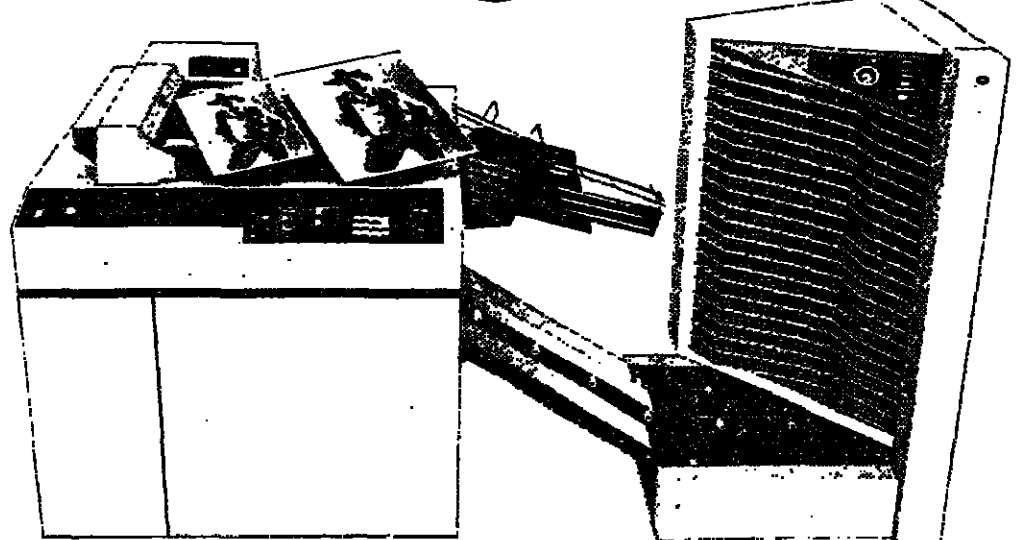
Mr Fraser called the election because of what he said was a "concerted attempt" by the unions, backed by the ALP, to wreck the Government's wages pause.

"Excessive wage increases have been a major cause of our economic problems," he said.

Continued on Page 16

Hawke profile, Page 3; Editorial comment, Page 14

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International markets: report, prices ... Section III

EUROPEAN NEWS

Brussels rejects half Greek import curbs

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission yesterday turned down about half Greece's proposed package of import restrictions by agreeing to trade controls for the rest of this year on only 11 products, accounting for less than 1 per cent of Greece's trade with the EEC partners.

While not wishing to quarrel with the recent 15.5 per cent devaluation of the drachma, the Commission was not keen to set a precedent on import controls which might encourage other member states with severe balance of payments problems to seek similar solutions.

Athens had sought approval to hold down to 1980 levels imports of 22 products, totalling just under 2 per cent of Greece's trade with the Community partners. As well as halving the list products to be controlled, the Commission has also raised the potential import ceilings by basing them on average imports in 1981-82.

Nevertheless, the Brussels decision is an acknowledgement of the Greek case that some of its industries—which are mostly based on very small units—were suffering serious damage because of import penetration from other EEC countries and also third countries.

According to the Commission, Greece's deficit with its Com-

munity partners has risen from one-third of its total visible trade deficit in 1981—to two-thirds last year.

On a case-by-case basis, the Commission's analysis confirms a growing loss of competitiveness in the Greek economy—a problem which the devaluation is designed to alleviate. Thus, Greek production of sports shoes has remained static in 1981-82 at 4m pairs and exports have fallen by 30 per cent. Meanwhile, imports from all countries have risen by 30 per cent to 1.2m.

The story is a similar one in the domestic sectors producing all the other goods which will now be subject to controls. The Commission has set ceilings for imports from other EEC countries and authorised a surveillance system when the goods are imported from third countries, except in the case of sports shoes.

The products and their ceilings are: sports shoes 340,000 tonnes; tiles 30,000 tonnes; 1.8m pairs; pullovers 200,000 items; mens suits 5,500; iron baths 1,200 tonnes; porcelain lavatories 2,000 tonnes; cigarettes 750 tonnes; malted milk 2,000 tonnes; spirits 8,000 tonnes.

Commission unveils plan to boost machine tools

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission yesterday unveiled a 18-point plan for reviving the EEC's machine tools sector. It envisages a range of measures to be launched during the first half of this year and is to be proposed shortly to the Council of Ministers.

The aim is to make the sector much more competitive internationally and to ensure that producers can take full advantage of the Community's internal market.

Its proposals range from fresh financial and research support to much greater harmonisation of standards by such large purchasers as the European aircraft and motor vehicle industries.

The EEC machine tools industry is a world leader, accounting for some 30 per cent of all such output and exporting 40 per cent of its production outside the Community. The strategy outlined by the Commission, however, identifies worrying investment and technological development trends.

It identifies in particular Japan's accelerating export success in numerically controlled machine tools. The Commission yesterday said it will send a specialist mission to Japan in May to study technology transfers under which EEC companies might acquire advanced Japanese know-how and participate in joint ventures.

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Why Pravda wants Russians to eat more greens

BY ANTHONY ROBINSON IN MOSCOW

PRAVDA yesterday discovered the greenhouse and, in so doing, promised a new era of fresh fruit and vegetables in winter for the long-suffering Soviet consumer.

A front-page editorial in the Communist Party daily called for a programme aimed at surrounding city pumping stations, factories, power stations and other large-scale waste heat producers with acres of glass to supply towns with vitamin-rich fresh foods.

I quoted a recent speech by Mr Yur Andropov, the Soviet leader, to workers at the Odzhonikidze machine-tool factory in Moscow, where he called for both higher

quality and lower production costs, citing the production of good-quality, low-cost winter greens as a typical case.

At the same time, however, Pravda also revealed how distant the prospect was by calculating that there are only 2,800 hectares of heated glasshouses in the whole country to satisfy the fresh vegetable needs of 270m people. Also, there are no convoys of juggernauts driving up from the south with fresh supplies of the kind to which Western consumers are accustomed.

Indeed, nothing contributes more to the length and dreariness of Russian winter

than the lack of fresh vegetables—apart from the occasional carrot and onion and the ubiquitous kapusta (cabbage).

The Soviet tomato and its sensitive companions, the cucumber, the radish and the lettuce, have traditionally been the first victims of winter, and disappear from state shops overnight after the first frost.

In the absence of locally produced fresh vegetables, the main sources of winter supply for Moscow and other cities are the itinerant Georgians, Azerbaijanis and others from the Black Sea coast region.

Naturally, the cost of the

air ticket, accommodation and, even more important, the bribes, which they have to pay to a well-oiled network of ticket sellers, baggage handlers, policemen and protectors are all included in the cost of their fresh, or usually somewhat wilted produce.

Yesterday, for example, fresh tomatoes from the Caspian Sea were on offer in the central market for 15 roubles a kilo or 13 a kilo for small and misshapen ones. There was no sign of fresh cucumbers, but huge radishes the size of a man's forearm were selling at 3 roubles a kilo. The average wage is 180 roubles (£163) a month.

Since Mr Andropov



Mr Andropov (right) pleads to factory workers

Greenland's EEC move supported

BY JAMES BUCHAN IN COPENHAGEN

CHANCELLOR Helmut Kohl yesterday accused the Soviet Union of attempting to sway the result of the West German general election rather than negotiating seriously with the U.S. at Geneva over intermediate-range nuclear missiles.

Speaking at a conference on security arranged by his Christian Democrat Party, Herr Kohl said he believed the Geneva talks would only enter their decisive phase after the March 6 election. He also expressed the opinion that the U.S. would make no new offers until after the election campaign.

Herr Kohl quoted an observer as having argued that the Soviet Union, by its public offers on intermediate range missiles, was more interested

Kohl says Moscow trying to influence vote

BY JAMES BUCHAN IN COPENHAGEN

in the hearts and souls of the West German people.

Moscow's failure so far to submit at Geneva its proposal of last December—that the Soviet intermediate-range missile arsenal in the European theatre be reduced to the level of the French and British nuclear forces—supported this argument, Herr Kohl said.

The "desirable" solution, he contended, was the U.S. proposal that the Soviet Union should dismantle all its intermediate-range missiles in the European theatre as a condition for Nato foregoing deployment of missiles in West Germany and other West European countries this autumn.

This position should not be "dropped like a hot potato at

the first sign of a Soviet no," he said. But Nato policy allowed for a step-by-step approach towards this goal.

Reinforcing Herr Hans Dietrich Genscher, the West German Foreign Minister, yesterday held out the prospect of Nato scaling down its missile deployment plans in Europe in step with large cuts in Soviet intermediate-range weapons.

Speaking in Geneva before the 40-nation committee on disarmament, Herr Genscher, who is also leader of the FDP party, said the alliance was ready to review its deployment programme if Soviet negotiators indicated Moscow would eliminate its land-based missiles.

In Brussels the Vice-President, Mr George Bush, said

yesterday that his consultations with Nato representatives convinced him that the alliance remained united on the need for common front to nuclear missile negotiations in Europe.

Mr Bush, on the third leg of a seven-nation European tour, called on representatives of Nato's 16 member countries to resolve and unity on the issue as the only way to convince Moscow to negotiate seriously.

The Soviet Union has declared it will guarantee Japan's security if it maintains its policy against nuclear weapons, officials of two of Japan's opposition parties said yesterday. The guarantee was contained in letters sent to the Japan Socialist and Democratic Socialist parties.

Italy may shed 16,000 steel jobs

By James Buxton in Rome

THE Italian Government will shortly consider a plan prepared by the state steel corporation Finisider which envisages a cut of 2.4m tonnes in Italy's steelmaking capacity and the loss of 16,000 jobs by the end of 1987.

If approved and implemented, the plan would mean the first substantial capacity and workforce reduction in the Italian steel industry since the world steel crisis began in 1974. Until last year, the steel workforce had fallen by less than 1 per cent and capacity has actually increased slightly over the eight years.

The plan will be a good news for the EEC Commission, which has been pressing Italy to cut its capacity along with other European steel producers in order to match drastically reduced demand. Finisider's last plan for cuts, presented in October 1981, envisaged reducing capacity by only 190,000 tonnes, and has not been approved by Brussels.

However, the Finisider plan, which was discussed on Wednesday by IRI, the state industrial holding company which controls the steel corporation, is certain to face considerable opposition from some ministers and from the unions. A scheme for large-scale temporary lay-off last autumn, aimed at reducing output, had to be scaled down sharply in the face of union opposition.

Finisider's new plan envisages cutting 2.4m tonnes of capacity by closing older and less economic facilities at almost all of the country's plants. The most seriously affected plant would be Cornigliano, near Genoa, where capacity would be halved to 1.2m tonnes and about one-third of the 6,000-strong workforce dismissed. The plan envisages total reduction in the steel labour force of 11,000 by the end of 1988, and the loss of a further 5,000 jobs by the end of 1987.

Finisider, which is thought to have lost about £1.400bn (£518m) in 1982, is to ask the government for a further £1.600bn in funds.

Until recently, Finisider sustained a highly optimistic view about steel demand, expecting it to rise by 6 per cent in 1982. In fact, it collapsed dramatically in the second half of the year.

Chirac announces cable TV plan for Paris

BY DAVID MARSH IN PARIS

M JACQUES CHIRAC, Mayor of Paris, yesterday enthusiastically endorsed the technology revolution envisaged in an ambitious plan to wire up the capital for cable television.

The project aims to connect 500,000 Parisian homes by 1989 with optical fibre cables for television, radio and video.

The French, as leader of the non-Gaullist RPR opposition party, is an indefatigable launcher of campaigns to keep one step ahead of the

government.

The Ministry of Posts and Telecommunications, which is masterminding France's cable revolution, has not so far included Paris in the list of towns to which priority is being given in "wiring-up." But Mr Chirac, said yesterday that he was taking literally government declarations about letting individual municipalities take the initiative.

By taking speedy action, M Chirac hopes to allow the new Parisian television services "freedom of expression"—most importantly, to ensure that they fall outside the direct influence of the Socialist administration.

M Chirac said editorial re-

sponsibility for the new programmes would be shared with Parisian newspaper groups, which he hopes to enlist as important participants in the company running the services.

Mindful of the need for a strong role for the city authorities too, M Chirac—whose fair for publicity is amply portrayed by the number of advertising placards around the capital bearing his beaming face—said that the Paris municipality would have a stake of 34 per cent.

He said the cabling project marked the end of television reduced to three channels, controlled by the state and wasting away. At last we will have plurality of information, as in

the written press."

Cabling will take place gradually, with 10,000 homes or other centres aimed to be wired by 1984, receiving six television channels. The network would grow to 140,000 by 1985 with another 360,000 connected over the next three years, ready to hit the 500,000 mark by the 1989 Universal Exhibition in Paris.

The government aims for wiring up the whole of France aims to bring 1.4m homes within reach of cable television by 1985. The projects will be a shot in the arm for the country's main optical fibre manufacturers, mainly grouped around the nationalised CGE, Thomson-Brandt and St Gobain conglomerates.

Car industry strife threatens inflation policy

BY DAVID MARSH IN PARIS

THE FRENCH Government yesterday launched its latest inflation policy from the latest strife in the motor industry. The conflict remained on the boil yesterday with the large Citroen plant at Aulnay, near Paris, paralysed by strike action.

The danger comes not only from the wage demands of strikers—who have been encouraged by a settlement at the Renault plant at Flins last week well in excess of the Government's 8 per cent pay guidelines.

Additionally, Renault and

the Peugeot group, which employs 100,000 workers, is likely to put up their prices shortly to compensate for the financial impact of strikes which have already caused lost production of more than 50,000 cars this year.

Two Citroen workers at Aulnay were reported still in hospital yesterday following violent conflict—said by management to be sparked by the Communist-led CGT union—at the plant on Wednesday which left 17 wounded.

In the second verbal broadside by the Socialist Govern-

ment on the CGT within a week, the violence was vigorously condemned by M Jean Auroux, the Labour Minister, as "remnants of terrorist practices."

This followed the attack delivered by M Pierre Mauroy, the Prime Minister, at the end of last week on the CGT takeover of the troubled Rhineland newspaper L'Union—a dispute which has since been largely defused.

The two main manufacturers, nationalised Renault and privately-owned Peugeot, made losses approaching FF 4bn (£378m) in 1982. The Govern-

ment is thought to be on the point of authorising a fresh car price rise of 2 per cent, following the 4 per cent increase allowed in October just before the four-months' price freeze ended.

A positive aspect of yesterday's developments was the resumption of work at the Renault Billancourt plant which like Flins was stopped by strikes for most of last month. But part of the Flins plant was still hit by labour stoppages in spite of the general resumption of production there this week.

France agonises over telecommunications challenge

FOR MONTHS, the French government has been agonising over one of the key elements in its drive for technology-powered growth—the telecommunications industry.

The sector has been one of France's industrial success stories, both at home and in export markets since the country was propelled into the electronic age under the previous government in the late 1970s.

The industry is on the brink of rapid expansion into the new areas of computerised video, information systems. But to clear the way ahead, the Socialist Administration has to resolve a serious structural problem in its battery of state-controlled telephone companies. It centres on the future of CGCT, the telephone equipment company formerly owned by ITT of the U.S., which has been in limbo since being nationalised last year.

The decision on CGCT—thought to be imminent—is one of the thorniest tasks in the range of industries shake-ups promoted by the Government ago.

And the affair is made all the more complicated by the need to confront an international This is the link-up between the U.S. giant, AT&T, and Philips of the Netherlands in telephone switching systems, which will provide stiff competition for the French and the rest of Europe on both home and export markets.

The AT & T-Philips tie-up has been vigorously criticised since its emergence last autumn by President Francois Mitterrand as undermining European efforts for a common front in electronics.

French industry is, however adopting a more low-key attitude—and believes that the two groups' link could even produce

a counter-reaction and end up promoting European collaboration.

In an interview with the Financial Times this week, M Georges Peberreau, chairman of the leading French telecommunications group, CIT Alcatel, which is one of the world's top exporters of electronic switching systems, said he had "plenty of sang-froid" over the AT & T-Philips affair.

The French are emphasising that the two companies have not yet reached full agreement on exactly how they are to cooperate. M Peberreau said, however, that if the two reached a formal agreement on selling the AT & T switching system jointly on the world market, the link would be a danger for the European telecommunications industry.

But he added that the group—ing would need several years to become properly competitive. "We don't underestimate them at all. But they have to sign an agreement, adapt their technologies and learn to work together. That takes a lot of time in our business."

M Peberreau, CIT Alcatel's director-general, and M Peberreau's number two, argues that the U.S.-Dutch alignment could actually spur greater unity in Europe. He said CIT Alcatel would favour collaboration on the West German market—where the possibility of a link with Siemens has often been mooted—and in the UK, Spain and Italy.

"What's wrong with putting the Common Market into effect?" M Chavance asked.

CIT Alcatel is emphasising that the door is still open to co-operation between the Philips AT & T grouping and European telephone companies, including

M Jean-Pierre Chevenement (right) wants to align the troubled CGCT telephone equipment company with CIT Alcatel, one of the world's top exporters of electronic switching systems, writes David Marsh in Paris. This is one of the proposals being considered to solve the serious structural problems facing France's battery of state-controlled telephone companies.

Thomson-CSF, the main operating subsidiary of the also nationalised Thomson-Brandt group.

The likelihood—and the view of both the CIT Alcatel and the Thomson groups—is that the idea of a "rapprochement" between CGCT and Thomson will win points.

CIT Alcatel is clearly well ahead of Thomson competitively. With its world-beating E.10 all-electronic telephone exchange, it won 50 per cent of orders for switching systems last year from the French Post Office against 35 per cent for Thomson—which has faced serious delays in perfecting its rival exchange, the M.20/25—and 15 per cent for CGCT.

CGCT was to have manufactured ITT's System 12 electronic exchange, until the French government decided not to incorporate it into its switching network. CGCT could convert its factories to produce the Thomson-version. A decision to link the group to CIT Alcatel, the industry Ministry reasons, would strengthen the CGE subsidiary further on the world market.

However, it could also force Thomson, which is making a loss and faces a host of problems in its other electrical and electronics areas, to withdraw altogether from the telephone sector and leave the field to CIT Alcatel.

A concentration of power—which could lead to a conglomerate grouping, "Telephone de France," much-vaunted by some leading Socialists—is just what the Posts Ministry does not want.

M Mxandeanu has argued forcibly against leaving the French industry with just one monopoly supplier, pointing to

the benefits of competition both at home and on the world market. And it seems his doubts are also shared by the officials at the Prime Minister's office, who will have to make the decision.

For its part, CIT Alcatel is emphasising that, although CGCT would complement its own activities particularly in the fast-growing information technology sector, it is not particularly keen on any link-up.

M Peberreau said his company would have "no objection" if the Government decided to link CGCT with the Thomson group.

Whatever happens, according to M Chavance, CGCT would be likely to keep its identity. Emphasising the shifting nature of telecommunications frontiers, M Chavance said that apart from the manufacture of switching systems, CGCT's future would lie particularly in the private telephone sector and "new services"—office technology, video-text and so on—which he said was "a market in full expansion."

A key factor in CIT Alcatel's reckoning is CGCT's dire financial position. CGCT at the end of last year appealed to the state for a quick injection of FF 1bn (£94m) to save it from bankruptcy. The prospect of taking part in this rescue does not appeal to CIT Alcatel or to its remaining private shareholders.

"CGCT is not a lame duck," M Peberreau said. "But it will need to convert its factories and solve its financial problems. That will take a lot of money and a lot of management skill."

the French, on the world telecommunications market.

Somewhat further away from the world stage, the immediate future of French telecommunications will be crucially influenced by two separate government dossiers on CGCT's prospects being studied at the Prime Minister's office this week.

The French telecommunications sector generally suffers from over-capacity as a result of the progressive switch over the last few years from electromagnetic exchanges to electronic systems, which require much less labour to manufacture.

Government officials say that the industry as a whole has several thousand jobs too many, and the 3,900 employees in the CGCT group—now have asked M Mitterrand to intervene directly in the matter—are worried about their future.

CGCT and its specialised subsidiaries are well-equipped technologically, but have faced a drain of cash, contracts and confidence since being cut loose from ITT.

A decision on the group's future should have been taken by the end of last year. But it has been held up by wrangling between two ministerial power centres—the Research and Industry Ministry under M Jean-Pierre Chevenement, and Posts and Telecommunications under the less flamboyant but no less determined M Louis Mxandeanu.

The Industry Ministry broadly favours aligning CGCT with CIT Alcatel, which is part of the nationalised Compagnie Generale d'Electricite (CGE) group, one of the few state-owned enterprises running a profit.

M Mxandeanu, on the other hand, is pushing for the link with the other "pole" in French telecommunications,

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Sedgwick Group plc

Notice is hereby given of the appointment of Lloyds Bank Plc as Registrar.

All documents for registration and correspondence should in future be sent to the address below:

F.H. HITCHMAN
SECRETARY

Lloyds Bank Plc,
Registrar's Department,
Goring-by-Sea,
Worthing, West Sussex BN12 6DA.
Telephone: Worthing 502541
(STD code 0903)

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AND
ADJUSTMENT OF CONVERSION PRICE

Pursuant to Clause 7 (B) of the Trust Deed dated June 16, 1977 under which the above described Bonds were issued, you are hereby notified that a free distribution of Shares of our Company at the rate of 0.05 share for each one share held will be made to shareholders of record as of February 20, 1983.

As a result of such distribution, the Conversion Price at which shares are issuable upon conversion of said Bonds will be adjusted pursuant to Condition 5 (C) of the Bonds from 888.7 Japanese Yen to 846.4 Japanese Yen effective as of February 21, 1983.

JUSCO CO., LTD.

Dated: February 4, 1983

Handwritten signature or stamp.



Hawke... faces a brief and bloody campaign

Trial by fire for new Australian Labor chief

By Michael Thompson-Noel in Sydney

THE EYEBROWS are arched, the face gaunt and the hair quiffed back like a matinee idol's. He wears a ring, and dresses with the expensive understatement of a racing tipster.

He may well be Australia's next prime minister, for at the end of a convulsive day's happenings—the double dissolution of parliament and the shock resignation of Mr. Bill Hayden—Mr. Bob Hawke yesterday found himself as unchallenged leader of the Australian Labor Party.

It is a role for which he has been grooming himself all his life. Yet the suddenness with which it was thrust upon him was briefly unsettling and produced his first mistake in a campaign which will be brief and bloody.

Asked on television whether he had performed a hatchet job on Mr. Hayden, Mr. Hawke lost his temper, and accused his inquisitor of downright impudence. It was a small enough slip, but in the hour of his triumph, it made him look pompous.

In many ways, the bearing of the new Labor leader will prove crucial in the March 5 election, for whereas Mr. Hawke is invariably described as Australia's most popular politician, his stability under fire will be put fully to the test.

Mr. Hawke has served only one term in parliament. Prior to that, he was president of the Australian Council of Trade Unions. He was a national hero—a man whose reputation for settling disputes endeared him to employers and unions alike.

In most personality polls, Mr. Hawke outscored all rivals, including prime minister Malcolm Fraser. He is seen as strong, intelligent, competent, and concerned with ordinary people.

Yet in political terms, he is thought to stand for little that is specific: just a vague search for national unity and consensus. In the view of his opponents, he is the sizzle but not the steak, a man whose approach smacks of gimmickry without substance.

His father, Glenn, was a Congregational minister; his mother, Ellie, a member of the Women's Christian Temperance Union. In 1963, Mr. Hawke's baby son, born seven weeks prematurely, died.

Mr. Hawke was grief-stricken, and admitted to hospital suffering alcoholic poisoning. By 1980 he was sometimes what his biographer has called "a loathsome drunk—poisoned, savage, a man possessed."

He told his biographer: "...I said to myself, 'well, bugger it, you'd better off not drinking. Why don't you give it up?' So I went and washed my hands, and that was it. Today, he is a late, logical, and immensely combative.

Yesterday, Mr. Hawke moved as swiftly as possible to defuse the national pay dispute that incited Mr. Fraser to call a snap election. He pledged that if Labor won, he would do all in his power to press for national wage restraint, and attacked Mr. Fraser as the "most divisive prime minister in the history of this country."

On most scores, Mr. Hawke is a worthy rival for Mr. Fraser. But in the heat of a campaign that will probably know no bounds, he will have to watch his temper.

Geneva talks on Afghan crisis

ISLAMABAD—A new round of indirect talks aimed at finding a political solution to the Afghan crisis will be held in Geneva, possibly in mid-April, foreign secretary Niaz Naik said yesterday.

He added that Pakistan is willing to participate in the talks, which are to be held under United Nations auspices. Naik indicated that Iran has also attended, saying Tehran has shown a "growing and deeper interest" in the UN peace initiative begun last year.

Syrians fear further conflict with Israeli troops in Lebanon

BY PATRICK COCKBURN IN DAMASCUS

THE SYRIAN Government is increasingly concerned that there will be a fresh outbreak of fighting with Israeli forces in Lebanon this spring. It is convinced that the present talks between Israel and Lebanon on an Israeli withdrawal will get nowhere, say diplomats.

Syrian President Hafez al-Assad is pledged to pull out his 30,000 troops from Lebanon as soon as the Israelis withdraw. But earlier this week, Mr. Abdel Halim Khaddam, the Syrian Foreign Minister, emphasised that the Israeli withdrawal could have to be total and said that Syria would be in a better position to influence events in Lebanon than Israel will be.

The Syrians would like to bring their troops home from Lebanon if the Israelis do the same, on the grounds that they will then be in a better position to influence events in Lebanon than Israel will be.

President Assad is also seeking to strengthen his hand by forging better relations with the Soviet Union. He has played down the failure of Soviet equipment in the fighting last June and has recently received Sam 5 anti-aircraft missiles.

Through these missiles, first deployed in the Soviet Union in 1963 and each weighing 107 tons, might threaten high-flying Israeli reconnaissance and surveillance aircraft such as Hawkeye or Awacs, defence

experts say they will not greatly strengthen the Syrian anti-aircraft capability. They are, however, a symbol of greater concord between Moscow and Damascus.

Syria has also improved its links with Iran, with which it signed a new agreement in January. Although in private Syrian officials play down its significance, the action is a clear rebuff to the Saudis, who had sought to mediate between Syria and Iraq.

The Syrian Government has long regarded Iraqi President Saddam Hussein with the same antipathy as it views Mr. Menem Begin, the Israeli Prime Minister. Last April it cut Iraq's vital oil pipeline across Syria in return for an agreement by Iran to supply it with 80 tonnes of crude.

Some of this oil is used for domestic consumption, part is refined and then returned to Iran, and the rest is sold on the open market. Part of the deal was that Syria would pay for some of the Iranian crude through barter, but it has proved impossible for Syria to provide the kind of goods needed by Iran.

Mr. Ali Akbar Velayati, the Iranian Foreign Minister, may have offered up to \$600m in credits to cover the Syrian deficit in paying for Iranian crude, according to some diplomats in Damascus.

Israel's debt servicing bill could reach \$2.5bn

BY OUR TEL AVIV CORRESPONDENT

ISRAEL'S foreign debt servicing in the coming fiscal year will cost as much as the total \$2.5bn (\$1.64bn) in aid which it receives from the U.S. Payment of interest alone will reach a record U.S.\$1.16bn, according to the Bank of Israel, the central bank.

Israel's foreign debt at the end of September, 1982 had reached U.S.\$20.1bn, the bank said, with most of last year's 9 per cent increase being incurred following the invasion of Lebanon in June.

The Central Bureau of Statistics puts the foreign debt at a much higher level of U.S.\$25.5bn. Unlike the Bank of Israel, the statistics bureau includes the overseas holdings

of Israeli commercial banks in the total.

One cause of the large increase in foreign debt was the Treasury's policy of raising money abroad during the months following the war in Lebanon, in anticipation, according to the Jerusalem Post, of possible punitive steps by the American Administration.

The structure of the debt, three-quarters of which is in long-term loans, has also worsened. At the end of December, the short-term loan component of the total had risen to U.S.\$3.1bn, compared with U.S.\$2.3bn at the beginning of the year. Short-term debt is expected to increase by another \$1bn during 1983.

Mubarak welcomes UK pledge on Lebanon

BY ROGER MATTHEWS, MIDDLE EAST EDITOR

THE BRITISH Government has pledged to use all its influence with the U.S. to secure an early withdrawal of foreign forces from Lebanon. President Hosni Mubarak of Egypt said yesterday.

Leaving London after two days of talks with British leaders, Mr. Mubarak said their views coincided on Lebanon and on the need for progress on the Palestinian issue, which he described as "the core of the whole Middle East problem."

President Mubarak stressed the importance of the talks between Jordan and the Palestine Liberation Organisation which he said could result in a

joint delegation coming to the negotiating table.

The Egyptian leader also discussed with Mrs. Thatcher, the Prime Minister, the Gulf war between Iran and Iraq. Although Egypt has been a major arms supplier to Iraq, President Mubarak said he had no plans to send Egyptian troops to Baghdad, "because this would not be helpful to peace efforts."

Mr. Thatcher had raised the question of greater arms co-operation between the two countries, said Mr. Mubarak, but they had not discussed "the very sensitive issue of the often-postponed visit to London by an Arab League delegation."

Jonathan Sharp in Bangkok assesses moves towards Thai constitutional changes

Retreat for advance in Thai system

AFTER weeks of political infighting and rumours of a military coup d'état, Thailand's King Bhumibol Adulyadej yesterday set the machinery in motion for a special session of Parliament expected to make significant changes to the four-year-old Thai constitution.

The King signed a royal decree to convene parliament within 10 days after members of the two Thai chambers signed a petition to recall the legislature, which is now in recess.

The net effect of the expected constitutional changes is that Thailand will preserve its quasi-democratic institutions, in which the army has a major role, and arrest moves towards a fully-fledged democracy.

To western ears, this may sound like a retrograde step. But the proponents of change argue that Thailand, which until 1932 was ruled by an absolute monarchy, is still not mature enough politically to stand the strains of full-scale democracy.

They may well be right. Thailand has had 14 elections in the past 50 years, but has also had 15 coups, and the latter have been more effective than the ballot box in changing Thai governments.

First, the special parliamentary session is likely to maintain the considerable powers of the upper chamber, the senate, which is a purely appointed body with about two-thirds of its members drawn from the armed forces.

Parliament has to act now because under existing provisions, the senate's powers are due to be automatically reduced

to something like those of the House of Lords.

Backers of the senate say that although its members are not elected, it gives the government an important element of stability. The elected lower house is so fragmented that it makes the Italian parliament look positively monolithic.

Secondly, a new electoral system designed to favour large parties and thus weed out some of the smaller parliamentary groupings is likely to be scrapped. The argument is that even with the new system, there is no guarantee that one party will gain an absolute majority. Chaos could ensue, obliged to step in.

Finally, parliament is likely to discard a provision which bars government servants, both military and civilian, from holding high political office.

The proposed changes ensure that the Thai military which has enough political distrust of civilian politicians, keeps its strong influence in Thai politics.

Predictably, several senior military figures have been enthusiastically in favour of convening parliament. Among them has been the powerful commander-in-chief of the Thai army, General Arthit thanlek-ek, who is often mentioned as a successor to Thailand's self-effacing Prime Minister, General Prem Tinsulanonda.

However, Arthit claims he has no political ambition and publicly supports Prem, who despite a reputation as a ditherer, has proved to be one of Thailand's more durable leaders.

India's Congress (I) party needs major reforms, writes K. K. Sharma in New Delhi

Silent Gandhi broods over electoral crisis

THE ONCE-MIGHTY Indian National Congress, which won the battle for India's independence in 1947, is facing its greatest crisis.

With its character greatly changed after Prime Minister Indira Gandhi's Congress (I) Party wrested control of the organisation in 1979, its defeat in two key elections in South India last month could be the first in a series of such setbacks.

Local elections in Delhi tomorrow and in the troubled north-eastern states of Assam and Meghalaya on February 14 will show whether the South India debacle is part of a national trend. If defeated again, the question will arise whether Mrs. Gandhi's Congress (I) has a future in the face of new political forces, notably the emergence of strong regional parties.

Mrs. Gandhi has kept uncharacteristically silent about the defeats. But she is understood to be deeply frustrated by the performance of her party-chiefs. "Serves us right," she is reported to have said on hearing of the result.

She must also be deeply worried about the calibre of the people she has to draw on. But since the decision to appoint them was hers in the first place, she must shoulder part of the blame herself and indeed she seems willing to do so.

The Congress, both in its original form and as Mrs. Gandhi's party, has ruled India virtually without break since independence with a brief interval of power for the Janata in 1977-79. It cannot be pushed aside lightly.

There is no viable national alternative because of the Indian opposition's internecine quarrels. But the recent emergence of regional parties could threaten the country's tenuous unity and weaken the federal government.

Before Mrs. Gandhi took control of the Congress in the

1970s, the party held sway throughout the country because it took under its wing all shades of opinion. This discouraged the growth of both other parties and regionalism. In a sense, the Congress projected a national consensus, in a sense it was the very embodiment of India.

The disparate elements which made up the Congress—such notables as the saintly Mahatma Gandhi, the visionary Jawaharlal Nehru and the militant Subhash Chandra Bose—resulted in a curious mixture of ideals and policies which the modern Congress (I) still espouses.

These include Gandhian Socialism (a combination of state control, private enterprise and decentralisation), a dedication to secularism in a country made up of many religions, a belief in India's unity in spite of obvious disparities, and an idealistic foreign policy, which eventually led to non-alignment.

Not all these policies were practicable. But the party leaders reached consensus after often acrimonious arguments in the Congress's elected bodies, like its working committee, parliamentary board and the all-India Congress committee.



Indira Gandhi... said to be frustrated about party chiefs' performance

The Congress, as it was when dominated by Mahatma Gandhi and Jawaharlal Nehru, overcame overwhelmingly difficulties because of its democratic structure. The change set in soon after Mrs. Gandhi became Prime Minister in 1966, possibly because she did not have Nehru's invincibility.

She faced an immediate challenge from powerful leaders in the Congress, who had been forced to play second fiddle to

Nehru. From the beginning, Mrs. Gandhi doubly faced the prospect that she could be dislodged by seasoned politicians. But she emerged victorious in successive battles with them. In the process, she earned her reputation for a ruthlessness and tenacity which she retains. She also surrendered many traditions of the Congress which she had inherited.

The party's democratic structure was eroded as Mrs. Gandhi tried to consolidate her position as supreme leader of the Congress and the country. This was reinforced during her emergency rule from 1975 to 1977, when her controversial son, the late Sanjay Gandhi, who had no grooming in the Congress's traditions, emerged as the dominant figure in Indian politics after his mother.

The ascendancy of Mrs. Gandhi's dynastic principle, which she still cherishes, meant the creation of what was virtually a new party, which still revolves around the Prime Minister and her family. Since dissent is rarely, if ever, tolerated, the Congress (I)—the "I," fittingly, stands for Indira, not India—is Mrs. Gandhi's personal fiefdom; a one-woman, or at best, a one-family party.

The outcome of the elections in the south has been widely interpreted as an emphatic indictment of Mrs. Gandhi's methods of political management, of her suppression of participative decision-making and of the calibre of courtiers she has promoted. Her supporters believe this to be an over-simplification.

The dominance of Mrs. Gandhi and her chosen leaders in the Congress (I) is apparent from the fact that internal elections have never been held.

Basic organisational work during elections has almost entirely been done by hired hands. This is partly due to the belief that Mrs. Gandhi's charisma is all that is needed—an assumption questioned by her recent electoral setback.

Since Congress executive and other high-level panels are Mrs. Gandhi's nominees, their discussions inevitably lack substance and tend to be uncritical.

Mrs. Gandhi's party thus appears to contrast sharply with the idealism of its predecessor. Her appointment of her son, Rajiv, to a senior post as one of the party secretaries may reinforce this view in the eyes of her critics.

The major changes which appear necessary require immediate action. A firm promise of early organisational elections throughout the country and to the posts of the party's senior office bearers would show that Mrs. Gandhi intends to initiate reforms.

The task Mrs. Gandhi faces is enormous in view of the fact that she has less than two years to complete it. She needs to democratise her Congress, find efficient and honest men for Congress governments in the states and her own federal government, and tone up the administration to demonstrate that she has the interests of the country as a whole uppermost in her mind and not just those of the Gandhi family.

Army deployed in Assam ahead of poll

THE ARMY was yesterday deployed in the Morigaon district of Assam state following rioting the day before in which two people were killed. Violence in the state, which will hold elections on February 14 has been increasing, K. K. Sharma writes.

Opposition parties with the exception of the Communists, have announced they are boycotting the elections because of the explosive situation and there are mounting pressures on Mrs. Gandhi and the Election Commission to postpone the polling.

In the past few days, attempts have been made to blow up a train, burn Government buildings, smash shops and demolish bridges. Campaigning has been low key because of

the tense situation. A general strike and a blockade of roads is planned on Monday.

The violence, which has so far lost the country near £1bn in lost crude and tea production, is being organised by students. They have been demanding the expulsion of "foreigners"—mostly Bangladeshis and Indians from West Bengal—for the past three years.

The agitation prevented elections from being held in Assam in 1979 and the state has been under President's rule, or direct government from New Delhi, since then. President's rule could be constitutionally extended further, hence the decision to hold elections.

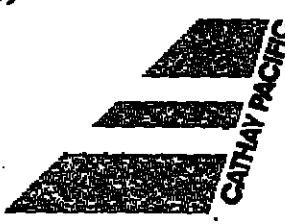


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The Sore Group

AMERICAN NEWS

Argentine junta given deadline for handover of power

BY OUR BUENOS AIRES CORRESPONDENT

ARGENTINA'S five main political parties have called on the military Government to fix a timetable for elections immediately and hand over power to civilians by October 13 at the latest.

The multi-party commission, a loose coalition of Peronists, Radicals, Christian Democrats, the Intransigent Party and the Movement for Integration and Development, made its demand in a statement issued on Wednesday night.

The document's publication constituted the opening shot of a renewed political battle between the parties and Argentina's ruling military junta. The resumption follows a lull during January, while most politicians, government officials and senior military officers were on holiday.

The junta of army, navy and air force chiefs held its first meeting of 1983 on Thursday and was expected to consider the multi-party commission's

document, which contained harsh criticism of the Government's economic policies and a list of 11 political demands.

President Reynaldo Bignone has promised to hold elections by November 6 and hand over power about 60 days after polling. But he has so far avoided being pinned down to exact dates.

The President hopes to discuss these details with political leaders during a round of talks in February, along with the guidelines for a new electoral law.

The multi-party document also defined the party's position on the Beagle Channel dispute with Chile, reiterating support for the Pope's mediation efforts and a peaceful solution to the content, satisfactory to both sides.

Diplomats said the paper mediation is basically complete, and a final agreement is only being held up by Argentina's plan to return to democracy later this year.

Bank creditors start to scrutinise Chile's economy

BY PETER MONTAGNON IN LONDON AND MARY HELEN SPOONER IN SANTIAGO

CHILE'S leading commercial bank creditors have begun a careful scrutiny of the country's economy to determine more precisely its need for new loans and rescheduling of maturing debt.

Chile has asked for some \$2.8bn (£1.86bn) in private sector debt maturing this year and next to be rescheduled. In addition, Sr Carlos Caceres, the Central Bank Governor, said in Santiago this week that the country needs new loans of \$913m to bolster its depleted reserves.

The 12-bank advisory group of creditor banks met in New York yesterday to consider the request. As yet, no response has been given to Chile, but the banks may meet with senior Chilean government officials next week.

Sr Caceres said that Chile's request for additional credit and a 90-day suspension of principal payments totalling \$284m

up to April of this year had been sympathetically received by representatives of the country's creditor banks.

He indicated the Government would continue its policy of refusing to act as a guarantor of private sector loans, but was extending a kind of moral support to private banking and industry, during talks with banking representatives in New York.

Asked if Chile's creditor banks with outstanding loans to private Chilean banks and enterprises held the same view, Sr Caceres said that direct foreign loans to private-sector entities had been made at the lenders' risk.

Chile's private sector accounts for 64 per cent of the country's \$17bn foreign debt.

This high proportion is likely to make Chile's negotiations with commercial banks all the more complex.

U.S. deficit fears 'may be excessive'

By Anatole Kaletsky in Washington

THE DEFICIT outlook for the U.S. economy may not be quite as bad as that projected by the Reagan Administration in this week's budget, according to the annual review of the budget published by the Congressional Budget Office yesterday.

The CBO, which is the principal source of official economic estimates to the Congressional budget committees, predicts that the fiscal 1984 budget deficit will be \$194bn (£126bn) rather than the \$268bn projected in President Reagan's budget message. By 1988, the CBO predicts a deficit of \$267bn if there is no change in current tax and spending policies. President Reagan predicted a \$300bn 1988 deficit.

In a reversal of their usual roles, the CBO's forecasters are more optimistic than the economists in the White House. The CBO predicts an increase of 3.1 per cent in GNP in 1983 as a whole and a 4 per cent growth rate between the fourth quarters of 1982 and 1983.

President Reagan, in a forecast which his advisers said erred deliberately on the side of only 1.4 per cent and 3.1 per cent respectively for 1983 and 1984, projected growth between these figures.

In what may prove to be an important clue to Congressional attitudes about the Federal Reserve Board's monetary policy, the CBO projects a 9.2 per cent growth rate for the M-2 broad money supply figure, in line with the Fed's current targets.

GE traces cause of 767 engine wear

By Paul Taylor in New York

GENERAL ELECTRIC said yesterday that it has traced the cause of premature bearing wear in GE engines used on some Boeing 767 aircraft.

The problem, caused by the breakdown of the aluminium oxide coating on four engine seal rings, could be easily solved, GE said. It will take about four weeks to remove and refit the seals used in 76 engines bought by American Airlines, Delta Airlines and Airbus Industrie.

Reginald Dale profiles the controversial U.S. Ambassador to the UN

The prime of Ms Jeane Kirkpatrick

FOR THE NEXT ten days or so, Mrs Jeane Kirkpatrick, the U.S.'s first woman ambassador to the United Nations, will have a good chance to take stock of her controversial political theories at close quarters. At President Ronald Reagan's best, she set off yesterday to see how strongly the flame of democracy is burning in five Latin American countries—Panama, Costa Rica, Honduras, El Salvador and Venezuela—and assess how far it may need further coaxing from Washington.

Mrs Kirkpatrick has held one of the country's top diplomatic posts, and a seat in the Reagan Cabinet, for two years now, but she has shown little sign of shaking off a life-long academic career as a political scientist. Waving her glasses to emphasise a point, the impression she gives her audience is more that of an Oxford Don delivering a philosophy lecture than a power player in the daily cut-and-thrust of the international arena.

Ironically, it was as an academic that she qualified to become a diplomat. Shortly before his election, President Ronald Reagan was shown a learned article she had written in *Commentary* magazine, entitled "Dictatorships and Double Standards." It reflected his own thinking perfectly. To simplify the main theme, it was that there is a vital distinction between left-wing totalitarian states, which are evil, and right-wing authoritarian states, which, though by no means

perfect, are suitable U.S. allies. Mrs Kirkpatrick, a life-long Democrat, became disillusioned with former President Jimmy Carter for what she saw as his anti-growth, anti-business attitudes and his generally namby-pamby approach to the world. She needed no persuading to join the Reagan team, moving swiftly to the UN post.

In British eyes, she is most closely associated with Argentina—one of the right-wing authoritarian states which fits so neatly into her thesis, and the subject of a dissertation she wrote in 1971. It will not be quickly forgotten in Britain that—whatever her official duties—she went to an official dinner at the Argentine Embassy in Washington just hours after the news of the Argentine invasion of the Falklands came through.

It was she, too, who cast the U.S. vote in favour of last November's Latin American-drafted U.S. resolution calling for negotiations between Britain and Argentina on the islands' future. In the teeth of U.S. opposition, Mrs Kirkpatrick insists that U.S. policy has been thoroughly consistent throughout. She refuses to discuss, however, whether she personally has ever sided with Argentina in the conduct, as many suspect.

She does not go down too well with many Americans either. Long years as a lecturer, professor and author have done little to encourage her to hide her limited formal intellect in more

diplomatic fashion now that she is a high-ranking ambassador. A number of Americans' impressions of her personality following recent public appearances in Washington—"vain," "domineering," "selfish," "boring" and "arrogant."

To most U.S. ears, her accent sounds pretentious, as does her use of words like "actually" and "du courrant" and a heavily stressed "of course." She has eliminated all trace of the south-western drawl of Oklahoma, where she was born 56 years ago.

There is no denying, however, that she has brought a frankness to her job which can be extremely refreshing. She openly admits that the U.S. has "behaved like a bunch of amateurs" in handling the politics of the UN, a failure she blames on the persistent inaptitude of successive administrations. At one point last year, she appeared to be including Mr Alexander Haig, then State Secretary, in the "inept" category.

She and Mr Haig used to fight like cats over foreign policy and UN decisions. Asked what she missed most about Mr Haig's departure, she replies: "He was teaching me about the military chain of command. I don't suppose I shall have the chance to learn any more about it now." She is referring to a celebrated incident last summer when Mr Haig said that the commander-in-chief (himself) did not communicate

directly with a junior officer (Mrs Kirkpatrick) openly criticises the UN for giving exaggerated attention to some issues and ignoring others. She talks of "hate-filled polarising rhetoric" in General Assembly debates, in which Third World delegates attack their pet bogey, such as Israel and South Africa, at the expense of serious world-wide issues of war, peace, freedom and human rights.

She feels that the UN has become divided into political and cultural blocs which sometimes overlap, but never include the U.S., which is a member of none. She gives as examples the Conference of Islamic Nations, the non-aligned countries, the Soviet bloc and the group of 77 developing countries.

The U.S. can sometimes count on the support of groups like the EEC and the Association of South East Asian Nations. But often it stands alone, she says, as a result of the failure of previous administrations to appreciate how far the UN has been politicised.

The U.S. she says, must get more skilful at playing bloc politics—how, is not quite clear. She takes some comfort, however, in what she calls "the revolt of the moderates"—the less extreme developing countries which are trying to get the General Assembly to focus on more fundamental world issues.

Mrs Kirkpatrick has managed to prevent a debate on the status



Ms Jeane Kirkpatrick

of the U.S. territory of Puerto Rico and headed off efforts to bar Israel from UN agencies. Although she often seems naive to the professional diplomats who surround her, she has already left a clear stamp on the UN.

As for her role as a mother of three children in an exhausting top job, she has appended the following thought to her entry in *Who's Who*: "My experience demonstrates to my satisfaction that it is both possible and feasible for women in our times to successfully combine traditional and professional roles that it is not necessary to women's career patterns—starting early and keeping one's nose to a particular grindstone—but that, instead, one can do quite different things at different stages of one's life. All that is required is a little luck and a lot of work."

Democrat proposes secrets Bill

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

SENATOR Sam Nunn, a Georgia Democrat specialising in defence issues, has tabled legislation in Congress aimed at stemming the growing flow of U.S. high technology and military secrets to the Soviet Union.

While the Reagan Administration is more than keen to put an end to such technology transfers, Senator Nunn said that it had so far failed to do so as a result of defects in U.S. law.

An 18-month Senate investigation had shown that "the Soviets used American technology as their own resources, to

be utilised whenever needed," Senator Nunn declared. The investigation had demonstrated that Eastern bloc countries were unable to develop their own high technology, but were skilled at stealing it from the West, he added.

His legislation would tighten restrictions on the possession and acquisition by Americans of restricted high-technology goods. At present, police can only move to arrest a suspect after the goods have been exported from the U.S.

The proposed Bill would also transfer enforcement authority from the Commerce Department to the Customs Service,

allow Customs officers to arrest and search suspects if they had "reasonable cause to believe that high technology is about to be smuggled out of the country" and bug the homes of suspects with the approval of Federal judges.

The subject was also expected to be raised by the Administration with Chancellor Bruno Kreisky of Austria, who met President Ronald Reagan at the White House yesterday.

U.S. officials have expressed concern that Austria has become one of the main channels through which advanced technology is reaching Moscow.

Surinam's deputy army chief found hanged in cell

BY WALTER ELLIS IN AMSTERDAM

THE BODY of Major Roy Horb, Deputy Army Commander in Surinam, was found hanging in a cell in Paramaribo yesterday, according to reports from the Surinamese capital.

Major Horb, formerly a close associate of Lt-Col Daisi Bouterse, the country's army commander, was arrested with two former Government ministers and 12 other prominent national figures on Tuesday allegedly for planning a coup.

Major Horb's death is said to have been a case of suicide, but in view of the killing by the Bouterse régime of a number of its prominent critics in

December, this is unlikely to be widely believed. The Netherlands suspended its vital economic aid to Surinam following the December killings and was followed by the U.S.

Since then, Col Bouterse has been looking for other sources of aid to his country's battered economy, while attempting at the same time to establish a civilian "government" ready to apply his particular brand of Socialist policies.

Major Horb's death is said to have been a case of suicide, but in view of the killing by the Bouterse régime of a number of its prominent critics in

WORLD TRADE NEWS

Fast train to the U.S. gambling capital

BY PAUL BETTS IN NEW YORK

BY THE BEGINNING of the next decade it will no longer be necessary to fly over or drive through the sweltering Nevada desert for a chance to play craps tables or to see the Folies Bergere on the Las Vegas strip. A feasibility study, just completed on behalf of the U.S. Department of Transport and the city of Las Vegas, has recommended construction of a \$1.5bn magnetic levitation rapid rail system linking America's capital of gambling and had taste with Los Angeles.

The Las Vegas rail system study is the latest in a growing crop of ambitious rapid rail and transit projects being planned in several parts of North America.

It reflects a renaissance of rail travel which has suffered an ignominious decline in the U.S., at the expense of the car and the aeroplane.

It is also opening up an important market in which the

Japanese, French and West German manufacturers of high-speed transit systems are battling to penetrate. The Las Vegas project appears to have the edge in this market. Plans are already advanced for the development of Japanese bullet trains, "the Shinkansen" between Los Angeles and San Diego.

This and California state legislature has already approved \$1.25bn in tax-exempt bonds to finance the project, which, it is estimated, will cost \$2bn. The Japanese, for their part, have said they are willing to put up about 25 per cent of the money.

If the Japanese seem to have the lead so far, the French have indicated they intend to set up a U.S. subsidiary railway company to make a consortium of French companies to market in the U.S. the Train de Grande Vitesse (TGV). This is the high-speed train system linking Paris and Lyon. The West Germans are also making a pitch

for this potentially lucrative U.S. market.

Judging from the fierce and bitter competition for a recent series of important U.S. mass transit contracts, the battle for dominance in the high-speed train market in North America should bring some fireworks.

Among the most controversial of the recent mass transit system contracts is the decision of the New York Transit Authority to buy 825 subway cars from the Bombardier Company of Canada rather than from the U.S. Budd Company.

Although the independent study commissioned by the city of Las Vegas and the Transport Department picked the West German "Maglev" system, the recommendation is bound to raise a few eyebrows.

The study was conducted by the Budd Company, the last remaining U.S. passenger rail car manufacturer since Pullman decided to abandon the market.

But Budd is also owned by Thyssen of West Germany which, in turn, is part of the association of West German companies called Transrapid International. The other West German companies are Messerschmitt-Boelkow-Blohm (MBB) and Krauss-Maffei.

Budd, however, has emphasised that the recommendation was not influenced by nationalistic considerations.

It said the other consultants included Bechtel, the giant engineering and construction company, Trans Tech International, which has provided technical support to the U.S. Transport Department in advanced transport technology, and Transrapid International, which is developing the Maglev.

According to Budd, Maglev travel is like "flying at ground level." The trains are magnetically levitated, guided and propelled along a guideway by

electricity. They can travel comfortably at 250 miles per hour and would link the 230-mile corridor between Los Angeles and Las Vegas in about 70 minutes. At 1982 prices the Las Vegas project would cost \$1.56bn the study said. This would include eight Maglev trains each with four passenger cars making 22 round trips a day.

With a \$65 return fare, the system could become self-supporting and produce a 20 per cent return on equity, the study claimed. If construction was to begin in 1986, the Las Vegas system could start service in 1991.

The Maglev is also being considered for a high-speed link-up of downtown Milwaukee and Chicago. This project has been priced at \$1.2bn and would come into service in 1991 in time for the Chicago World Fair of 1992.

Swedes to make robots in France

By David Marsh in Paris

ASEA, the Swedish engineering group, will become the first foreign manufacturer to make industrial robots in France.

The company, which reckons it is already the leader in robot sales in France—excluding Renault which makes large numbers for its own factories—has announced plans to start production of about 100 machines a year, starting in June.

The robots, destined for use by motor companies as well as other diverse functions, will be made at the company's existing factory at Persan-Beaumont near Paris.

The plant already employs 350 people, of which 20 are engaged in commercialising robots imported from Sweden. Another 20 will be employed to make the machines, and the company hopes to increase robot orders to around Ffr 40m (£3.5m) this year from Ffr 25m in 1982 and only Ffr 6m to Ffr 7m in 1981.

Part of the equipment for the machines will be bought in France, notably from the Thomson group and from Compagnie Electro-Mecanique, the electrical company being taken over by the state-controlled Alstom Atlantique group.

CEM, which signed an agreement at the beginning of the year with Yaskawa Electric of Japan to co-operate in selling robots in the two countries, has just opened a new factory to make industrial robots in the Grenoble region.

Run by the company's subsidiary SCEMI, the plant will manufacture CEM's first all-electric high-precision robots, with output put at 50 during the first year and 100 in 1984.

Manurhin, the automatic machines subsidiary of the state-controlled Matra conglomerate, has been negotiating for months with Fanc, the Japanese robots giant, on assembling robots under licence in France.

But talks have been held up by Manurhin's insistence on widening the scope of an accord to include rights to market the machines in other countries as well as France.

Shultz bid to counter Chinese criticism of U.S. export curbs

BY TONY WALKER IN PEKING

MR GEORGE SHULTZ, the U.S. Secretary of State, yesterday sought to counter Chinese criticism of restrictive U.S. policies towards the export of high technology to China.

A U.S. official said that Mr Shultz, in his talks in Peking with Wu Xueqian, China's Foreign Minister, explained U.S. regulations on technology exports to Communist countries.

He said Mr Shultz offered figures to show that export approvals of restricted category high-technology items to China had increased and that "the curve is upward."

The Chinese persistently complain about U.S. export restrictions on such items as computers. Last year, Zhao Ziyang, the Premier, told Mr Henry Kissinger, former U.S. Secretary of State, that "in general, the progress of economic and technical co-operation is far from satisfactory."

The U.S. official declined to go into details about Mr Shultz's talks on the sensitive question of nuclear technology exports.

China and the U.S. have been seeking ways around Congressional safeguards legislation which bans the export of such technology to countries which have not signed the nuclear non-proliferation treaty and are not subject to the inspection procedures of the International Atomic Energy Agency.

Westinghouse and General Electric are two of the companies anxious to participate in China's proposed nuclear industry, but are not able to do so because of Congressional restraints.

Other issues discussed by Mr Shultz included Taiwan, textile trade, China's proposed membership of the Asian Development Bank, cultural exchanges and Sino-Soviet relations.

Mr Shultz reaffirmed U.S. commitment to last August's joint communiqué on arms sales to Taiwan which made a reduction in sales conditional on steps towards peaceful reunification of Taiwan and the mainland.

Mr Shultz and Mr Wu have now held eight hours of talks. The official New China News agency said the meetings had

"increased mutual understanding."

On the vexed textile issue, a U.S. official would not say if the chances of agreement had been improved or if a fifth round of talks would be held soon.

China reacted sharply last month by banning new purchases of cotton, soyabbeans and chemical fibres when the U.S. declared unilateral restrictions on Chinese textile exports to the American market.

Mr Shultz seems certain to have reminded his hosts that despite their criticism of restrictive U.S. policies, the trade balance was swinging in China's favour.

Figures released this week showed that a big jump in Chinese exports to the U.S. last year had reduced China's trade deficit from \$1.7bn in 1981 to \$622.4m in 1982.

China's exports of textile items increased 29 per cent in 1982 to more than \$650m. The other big Chinese sellers in the U.S. market were crude oil and petroleum products which totalled about \$600m.

U.S. exports to China in 1982 reached \$2.8bn, down 19 per cent on the year before. Imports were \$2.2bn, up 20.5 per cent on 1981.

Two-way trade at \$5.5bn was down 5.5 per cent on the previous year.

Reuter adds: The Soviet Union hopes to boost its bilateral trade with China by about 40 per cent this year, following a similar rise last year, Soviet officials said.

They said the annual round of trade talks would begin in Moscow next week, adding that the Soviet Union wanted them as soon as possible after Mr Shultz ends his visit to Peking on Sunday.

Trade between the two remains low. Last year's agreement, signed in April, boosted trade to \$316m from \$216m in 1981.

This compares with Sino-Japanese trade of \$2.8bn last year and Sino-U.S. trade of \$5.2bn.

Preliminary consultations have already taken place in Peking, the officials added, and planned negotiations between the two countries' deputy trade ministers would last about two weeks.

India in line for Algerian deal

BY PAUL CHEESNIGHT IN GENEVA

STAR Industrial and Textile Enterprise, a unit of the Star group of Bombay, was due yesterday to become the first Indian company to win a turnkey project contract in Algeria. It was learned in Geneva.

Star has won a \$65m contract to design, construct and manage for one year a textiles plant for Sonitex, the Algerian state textiles agency, at Tissemsilt, 250 km south-east of Algiers.

The contract emphasises the growing role in North Africa of Indian contractors and consultants. Star managed four textile factories in Algeria between 1979 and 1982. The company was asked to tender for the new plant in August, 1981.

Although competition from

the contract came from West German, Japanese and Italian companies, the main rival to Star was Agache Willot of France.

But Agache Willot has apparently been given another textiles plant contract in a deal which is thought to be related to the agreement France has signed with Algeria to buy extensive supplies of oil and gas.

Mr Suresh Mehta, chairman of the Star group, said in an interview that Uniontext of West Germany is a subcontractor for machinery worth \$20m and that Star is working in co-operation with the Project Equipment Corporation, the Indian state company.

The involvement of the Indian state agency gave a

degree of official backing to the Star bid. But India, through its State Bank, is also providing export credits to Algeria of \$28m at an interest rate of 7.75 per cent repayable over 11 years from the signing of the contract.

Kelvinator, the U.S. refrigerator manufacturer, has entered the growing Indian motor industry by announcing it will manufacture 150 cc two-wheel motor scooters in collaboration with Agrati-Garelli of Italy.

India has a large and growing market for two-wheelers which is at present dominated by Bajaj, one of the world's largest scooter manufacturers. The main challenge to Bajaj is from Iohis machines, which recently announced a collaboration agreement with Paggio of Italy.

which is more advanced than that of Japan, and its low-profile tyres are particularly suited to high-performance cars.

Pirelli has a strong position in European tyre technology, the Toyota Corolla 2.0, the Mazda Cosmo 929 and the Mitsubishi Starion 2.0. These are all high-performance cars at the top of the range offered by the manufacturers, and the Pirelli tyres will be used on cars sold to the Japanese domestic market as well as for export.

Japan breakthrough for Pirelli

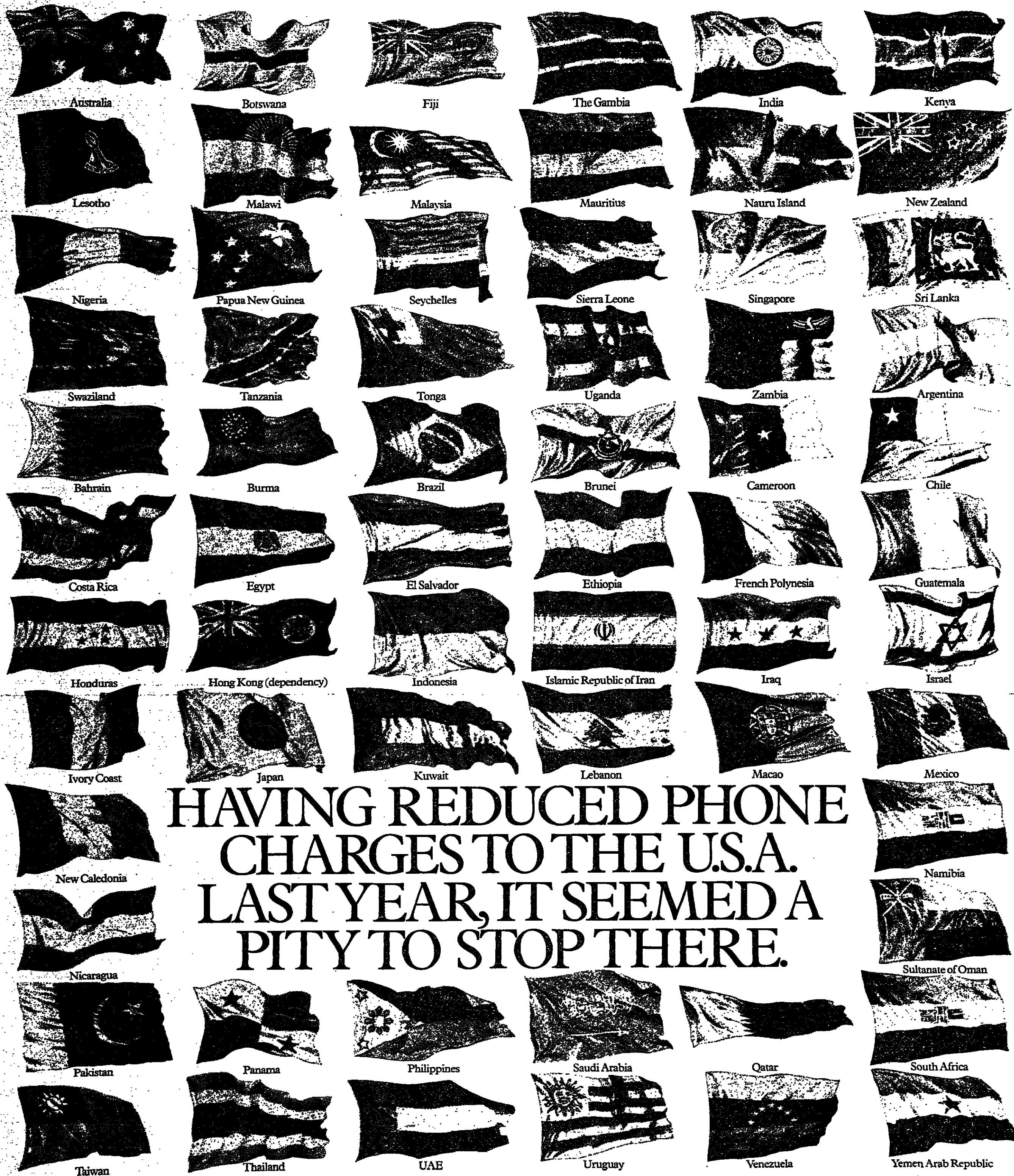
BY JAMES BUXTON IN ROME

TYRES made by Pirelli are to be fitted for the first time as original equipment on three Japanese cars. The deal is a breakthrough for the Milan-based company, which already holds an important position in the Japanese replacement tyre market.

Pirelli P6 low-profile tyres are to be fitted at the factory to

BASE LENDING RATES

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Amro Bank	11 1/2	Hargrave Secs. Ltd.	11
Bank of Montreal	11	Heritable & Gen. Trust	11
Bank of New York	11 1/2	Hill Samuel	11
Bank of Paris	11	C. Hoare & Co.	11 1/2
Bank of Scotland	11	Hongkong & Shanghai	11
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Bank of Sweden	11	Knowles & Co. Ltd.	11 1/2
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UK NEWS

NCR INTRODUCES TALKING CASH DISPENSER

Banking on a friendly voice

BY MARK MEREDITH IN DUNDEE

"THANK YOU for banking with us - have a nice day." With these cheering words the banking customer in Britain could soon be able to withdraw cash from a dispenser at his bank.

Customer friendliness, and greater efficiency are the main improvements which NCR claims for its latest model of cash dispenser, the 5080 which can speak to the customer.

The speaking part of the dispenser is simple and is designed to allow the bank to help instruct the customer in the use of the automatic teller machine and also tempt him with other banking services.

"Have you tried our home loan scheme?" one of up to 16 pre-recorded messages may say as he goes through the transactions. Using tape recorder cassettes which are then recorded by the machine on a revolving magnetic tape allows the bank to use any language, or regional accent as well as any message for the client.

According to NCR the messages cannot be turned off. Only by typing out the instructions on the keyboard very quickly, can the customer

override the sequence of spoken messages prepared by the bank. Even then he will receive the welcoming and farewell messages - 3.5 seconds each - with the volume automatically adjusted to the surroundings.

But to the relief of the customer, the rest of the people in the queue to the machine will not, however, be informed if his account is overdrawn.

British banks have been weaning their customers gently into plastic card banking, and lag behind France, or the U.S. in using banking terminals for deposits and cash transfers. The Japanese have been using terminals for a wide variety of cash functions since the late 1960s.

The new machine from NCR, the market leader in automated teller machines, has a doubled capacity for bank notes, and improved graphics on the terminal screen.

Deposit-taking facilities, an option not yet in wide use in Britain, have also been improved. Deposit envelopes are stamped with information fed in by the depositing card-holder.

Other options for the machine, such as a camera which photographs each customer withdrawing cash, are expected to be used in models marketed abroad, for instance in the U.S.

Of 6,000 NCR cash dispensers produced to date, 2,300 are in use in Britain.

The cash dispenser market in Western Europe is dominated by NCR and IBM.

Three of Britain's main retail banks, National Westminster, Midland, and Barclays use NCR, although Barclays also has some IBM machines. Lloyds uses IBM.

At a press conference yesterday Mr Sean Dixon Child, director of financial systems for NCR, said orders for 100 new models had been placed by the Midland Bank. Barclays wanted 88 and the Yorkshire Bank 20.

The banks plan field tests using their own staffs before placing the machine in the outside walls of the bank for customer use. At about £20,000 for the new machine, the price is roughly the same as for NCR's existing model the 1780.

Minister cleared on Anderson bid ruling

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR PETER REES, the Minister of State for Trade, did not break the law when he decided to let a bid by Charter Consolidated for Anderson Strathclyde, the Scottish mining equipment manufacturer, go ahead, despite the view of a majority of the Monopolies and Mergers Commission that the merger might harm the public interest, the High Court in London ruled yesterday.

Two judges in the Queen's Bench Divisional Court refused to grant Anderson orders quashing Mr Rees's decision and directing Lord Cockfield, the Trade Secretary, personally to consider the matter.

The decision was taken by Mr Rees because Lord Cockfield took the view that he was disqualified from acting in the matter because he had a small shareholding in Charter. The court held that Mr Rees was not bound by the 1973 Fair Trading Act to accept a majority recommendation of the Commission.

Lord Justice Dunn said it was not for the court to say whether or not the proposed merger should be allowed.

The court's sole function was to consider whether the minister acted lawfully. That involved answering only two questions. "Did the minister have the power under the Act to take the course he did? He did have that power."

Mr Justice McCullough agreed. He said the court's only task was to say whether the minister broke the law. "In my judgment he did not."

Anderson's claim was dismissed and the company was ordered to pay the legal costs of Charter and the two ministers. Anderson is to consider appealing, and has undertaken to lodge any notice of appeal by February 11.

Lord Justice Dunn said Anderson argued that Mr Rees misdirected himself on the proper separation of functions between the Commission and the Trade Secretary, and failed to appreciate that he was bound to accept the 4-2 majority conclusion of the Commission that the merger might be expected to operate against the public interest.

Anderson contended that, if the minister did have the power to overrule the Commission majority, he had taken into account irrelevant considerations in reaching his decision.

In particular, Anderson complained about Mr Rees's statement that the majority's view on the possible adverse effects of the merger was "no more than speculative." Lord Justice Dunn said that Anderson alleged that Lord Cockfield had wrongly divested himself of his statutory functions, if Lord Cockfield had, in law, made the decision himself, it was vitiated by the fact that he was a Charter shareholder.

For the latter argument to succeed, said the judge, it would be necessary to show that the Trade Secretary allowed his shareholding to influence his decision.

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CBI calls for stricter controls on use of asbestos in Europe

BY CARLA RAPOPORT

THE Confederation of British Industry (CBI), the UK employers' organisation, has attacked the European Economic Community over its failure to produce much-needed reforms on the use of asbestos in Europe.

The move is the first time British industry has joined in the calls for stricter control of asbestos. Last month, Britain tightened its limits on the amount of asbestos dust allowed in its factories.

The new limit is the strictest in the EEC, leading British companies to fear that the increased cost of complying with the limit will put them at a disadvantage against European competitors.

In a letter to Mr Norman Tebbit,

Britain's Employment Secretary, the CBI stated that a directive from the Council of Ministers requiring the protection of asbestos workers in all member states "is now of great urgency."

Asbestos, which is used to make vehicle brake pads, industrial fabrics and building materials, can cause lung disease and cancer in those who work with it. Consumer groups, unions and health organisations around the world have been pressing for greater control of the substance.

The EEC announced its initial investigation of asbestos in 1980, but has been unable to reach a consensus.

"We deplore the protectionist

pressures and procrastination that have been evident in discussions in Brussels," stated the CBI.

Signed by Mr Bryan Rigby, deputy director general of the CBI, the letter blamed the delay on the attitude of the West German asbestos industry, which, it claims, "has been pressing for less stringent standards to protect its own position."

Several hundred companies throughout Europe are engaged in the processing or manufacture of asbestos materials. Thousands of workers come in daily contact with the substance.

"The mood of workers, employers and the public is one of anger and dismay at the continued delay," states the CBI.

Business team to investigate NHS

BY GARETH GRIFFITHS

THE GOVERNMENT has appointed a team of four senior industrialists headed by Mr Roy Griffiths, managing director of J. Sainsbury, the supermarket chain, to conduct an inquiry into how the National Health Service is managed.

The team will look at how manpower and resources are used in the NHS and is expected to report to Mr Norman Fowler, the Health Secretary, by the end of June.

Mr Fowler said yesterday the inquiry team would examine ways in which resources could be controlled

inside the health service to secure the best value for money and the best possible services for the patient.

"We aim to make the earliest possible impact on the management of the NHS for the benefit of patients and the community as a whole," Mr Fowler said.

More than £300m has been saved as a result of the blitz on government bureaucracy undertaken by former Downing Street efficiency expert, Lord Rayner, the Prime Minister revealed last night.

Mrs Thatcher told the Commons that, between 1978 and 1981, 100 scrutinies and three reviews covering 35 departments were carried out in association with Lord Rayner.

"From these, firm decisions have been taken on recommendations which will produce savings and extra income of £180m a year and £20m more for all savings. Further savings, estimated at £50m a year and £8m more for all, depend on further consideration and consultation," she explained.

NOTICE OF REDEMPTION to the holders of

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(now General Mills, Inc.)

8% Guaranteed Debentures Due 1986

NOTICE IS HEREBY GIVEN THAT pursuant to the provisions of the Indenture dated as of March 1, 1971, among General Mills Finance N.V., General Mills, Inc., as Guarantor, and Bankers Trust Company, as Trustee, as supplemented by a First Supplemental Indenture dated as of May 15, 1974, \$1,238,000 principal amount of the 8% Guaranteed Debentures Due 1986 have been selected for redemption on March 1, 1983 through the operation of the mandatory Sinking Fund. The numbers of the Debentures selected for redemption are as follows:

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UK NEWS

7

Employers to offer flexible time plan in water peace bid

BY PHILIP BASSETT, LABOUR CORRESPONDENT

FRESH PAY proposals are expected to be put to water workers' leaders today in a further attempt to end the national stoppage in the industry which began 12 days ago.

Mr Len Hill, chairman of the employers' negotiating committee, is expected to make a revised pay offer worth an additional £5 to £10 a week, based on flexible working arrangements and improved productivity.

Last summer, negotiators for the National Water Council put forward ideas on more flexible working. These were revived when the employers made a pay offer of 5.9 per cent, but later withdrawn at the insistence of unions, when a mediator appointed by the Advisory Conciliation and Arbitration Service (Acas) awarded 7.3 per cent over 16 months.

Employers argued that higher earnings might result from more flexible working arrangements, but the unions gave a warning that there would be a "future" if they were implemented.

Since then, officials of Acas have been studying a range of ideas to increase earnings, including flexible working. Latest proposals are thought to be similar to the ones on

flexible work rostering put forward by British Rail last year which led to two strikes by train drivers.

Mr Hill was praised in the House of Commons yesterday for adopting a more conciliatory tone in statements on the strike.

"It is the duty of this House to ensure that this dispute is settled quickly and honourably so that the growing danger of pollution can be avoided, and so that householders and industry can have the reliable and safe water supplies the law entitles them to expect," he said.

Mr King confirmed that the employers were ready to negotiate on higher earnings through improved productivity.

The existing offer of an average £10 a week, with the further prospect of a "significant" productivity increase, was very fair, he said.

"I believe there is no longer any justification for the continuation of this industrial action which is causing such inconvenience and distress to those affected by it."

It was officially estimated last night that more than 1m families were being forced to boil water for drinking as the disruptive effects of the strike spread throughout England and Wales.

Ministers optimistic about recovery

By Peter Riddell

GOVERNMENT ministers appear to have ruled out abolition of the national insurance surcharge, a payroll tax on employers, in next month's budget.

Instead, a partial reduction of the present 1½ per cent rate looks likely.

The employers have pressed for abolition and have claimed that the surcharge has contributed to redundancies.

The Cabinet discussed the economic outlook yesterday in preparation for the budget decisions by Sir Geoffrey Howe, the Chancellor of the Exchequer.

Ministers appear to have been guardedly optimistic about the prospects for a modest recovery in output in the UK and abroad.

No specific figures for tax changes were discussed, although ministers were presented with broad Treasury estimates of the room for manoeuvre around £14bn to £2bn - if the Government sticks to its existing public borrowing projections.

Some ministers have urged a rather high level of borrowing in view of the depth of the recession.

CALL FOR £10BN EXPANSION PACKAGE

TUC joins 'Battle for Jobs'

BY BRIAN GROOM, LABOUR STAFF

THE Trades Union Congress (TUC) yesterday published The Battle for Jobs, its economic review for 1983. It includes a proposed £10bn expansion package for next month's budget, which it claims would create economic growth of 4 per cent and cut registered unemployment by over 570,000 in one year.

The first-year budget needs to be part of a medium-term growth strategy on a similar scale to post-war reconstruction, the TUC says.

It proposes a five-year plan aimed at maintaining 4 per cent annual growth and reducing unemployment below 1m.

Mr Len Murray, TUC general secretary, said: "Economic slump and mass unemployment are not inevitable. We must confront and combat the widespread mood of fatalism and pessimism."

The TUC may ask for a meeting with the Chancellor of the Exchequer to put its views on the budget. However, much of the medium-term thrust of the document would clearly be aimed at a possible Labour Government.

The budget proposals include the reimposition of exchange controls and an unspecified devaluation to maintain the pound at a lower level than its 1982 "overvaluation". This appears, however, to fall well short of the rapid devaluation proposed last year by Mr Peter Shore, Shadow Chancellor.

Mr Murray said he thought the exchange rate against the dollar was about right in terms of competitiveness, but some adjustment against the Yen and the D-Mark might be necessary.

The TUC has never talked in terms of the 30 per cent devaluation proposed by Mr Shore before the pound's recent slide. On the Treasury model, it simulated a 10 per cent fall from the pound's effective rate of autumn 1982, and found it beneficial.

The review says "the devaluation of sterling would not in itself be enough and there is a limit to how far this should go in view of its effect on inflation."

To prevent increased demand leading to a sharp rise in imports, it therefore proposes selective import controls in sectors such as motors, machine tools, steel, textiles, tyres and furniture.

The TUC claims its budget package would achieve sustained growth and reduce inequality without running into "inflationary and other constraints."

Its £10bn comprises: public investment £3.2bn; manpower, education and training £1.8bn; regional/industrial strategy £3.5bn; local authority services £2.5bn; state pensions £700m; social benefits £750m; NHS current expenditure £175m; reduction in VAT from 15 to 12.5 per cent, £2.3bn.

Cutting VAT is preferable to reducing the employers' national insurance surcharge for two reasons, the TUC says: cutting the surcharge would have less impact on inflation, and "there is little evidence to show that a cut in the NIS would have any measurable impact on employment."

The TUC has again tested its proposals on the Treasury model, although there are differences from the versions used by the Treasury and the model cannot simulate the selective, temporary import controls the TUC proposes.

No overall figure is put on the five-year plan, but it includes a £29.5bn public investment programme over five years which would create nearly 600,000 jobs. Half of these would be created directly in construction, and the rest as a result of subsequent orders placed in other sectors.

The five-year plan includes selective import controls and the expansion of manpower, education and training programmes. It also includes a 10 per cent reduction in working time over 10 years.

It includes the planning mechanisms agreed by the TUC and Labour Party, including a national economic assessment and National Investment Bank, and industrial democracy. It proposes an annual employment budget as well as a financial one.

Woolworth begins sharp job cuts for managers and buyers

BY RAY MAUGHAN

WOOLWORTH Holdings is almost to halve its management and clerical staff above store level in a series of regional office and buying department cuts involving some 550 people.

The new executive team, headed by Mr John Beckett, which was backed last autumn by a group of City of London institutions in a £310m bid for the ailing chain of 1,000 variety stores, said yesterday that it was making the redundancies in a bid to shorten lines of communication and to trim the regional management structure.

The reorganisation will remove half the buying staff and affect 55 jobs at headquarters. The four regional offices absorb the rest of the redundancy programme, with the Liverpool office set to lose 150 people: Birmingham 125; Norbury, South London 130; and Kensington, West London, 100.

This restructuring, described as "a preliminary step towards securing a successful future for Woolworth," embraces many of the proposals put forward recently by the store managers, many of whom are members of the Association of Scientific, Technical and Management Staffs, and later published as an ASTMS "survival plan."

The group acknowledged yesterday that the buying department had far too many layers of management and that it would need to recruit outside staff to supplement the traditional policy of promoting to this specialist area from general stores personnel.

The review of the department is just the first of a series of investigations into all head office functions.

Woolworth is to restructure the regional network into eight new operating regions. The smaller stores are to be grouped into six areas, comprising Scotland, Ireland and the North-East; Yorkshire and Lancashire; the Midlands; North London and East Angles; South London and the South East; and the South West.

All stores with more than 18,000 sq/ft of floorspace will be grouped into two entirely separate regions, one for the North and one covering the South.

Many more management staff changes and moves are in hand. It is not clear, for example, that the new regional network for smaller stores would necessarily be based on the existing structure. The Lancashire and Yorkshire regional office will be located in the North-West but probably not in Liverpool.

Regulatory shake-up for City institutions

BY JOHN MOORE, CITY CORRESPONDENT

A MAJOR shake-up in the regulation of the City of London's financial community was announced yesterday by the Council for the Securities Industry, the ultimate regulatory body of the British financial community.

Mr John Hignett, the director general of the Takeover Panel, which monitors takeover bids in Britain, is to combine his present job with the new post of director general of the Council for the Securities Industry.

Announcing the creation of the new post, and the appointment of Mr Hignett, who is on secondment to his present role from Lazard Brothers, the merchant bank, the council said that "the move is part of a planned development to integrate more closely the work of the Takeover Panel and the Council for the Securities Industry."

It added: "The panel deals on a day-to-day basis with takeover bids and since the council's creation five

years ago it has been regarded as the operating arm of the council in a substantial part of the field. The director general's experience will now be fully available to the council in its work of formulating codes of conduct and supervising the operation of the securities markets."

The appointment comes amid growing criticism of the effectiveness of the council and questioning about its role within the City.

In June 1980 a committee headed by former prime minister Sir Harold Wilson, reviewing the functioning of financial institutions, said that "to demonstrate its independence conclusively, and also to help increase the effectiveness of the chairman and other independent members, we recommend that the supporting staff of the council should be strengthened and that a chief executive should be appointed of a standing equal to that of the director general of the takeover panel."

Lex, Page 16

TV plan for Belgium

BY RAYMOND SNOODY

THE BBC is optimistic that it can soon conclude an agreement with Belgian cable television operators for the supply of BBC1 and BBC2 programmes.

The talks with RTM, a group representing Belgian cable operators, could result in a deal which would raise several million pounds a year for the BBC. Talks are also going on between representatives of French and German television.

A BBC spokesman said the fact that the Belgians could pick up British, French and German programmes - although sometimes on a weak signal - had been "a cause of international irritation" for many

years. The BBC, for instance, had been involved in talks which dated back to 1976.

The talks were now closer to a solution than ever before, according to the BBC.

Any agreement would involve the television unions. As with the current dispute over repeat payments for actors in advertisements on the new independent Channel 4 and TV-am, the breakfast television programme launched this week, the unions are likely to argue that the sale of rights to use programmes overseas on a regular basis should involve extra payments.

ICI working hours row

BY BRIAN GROOM, LABOUR STAFF

THOUSANDS of workers in the Mond division of Imperial Chemical Industries may take industrial action in a dispute over shorter working hours, Mr David Warburton, chairman of ICI's manual unions, warned yesterday.

The working week was reduced from 40 to 37½ hours throughout most of ICI from January 17, but day workers at plants in Cheshire and most of Merseyside, which employ more than 10,000 people, have been unable to agree with management on its application.

Mr Warburton said "hundreds" of employees had been walking off sites at 2pm on Friday in the past fortnight.

"We now face the possibility of thousands of ICI workers taking action, including overtime bans, as well as the day workers going home at 2pm on Fridays."

ICI's Dawsey writes: Negotiators for 90,000 power workers yesterday dismissed as "unacceptable" an offer from the Electricity Council of pay rises ranging from 3.9 to 4.6 per cent.

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THE PROPERTY MARKET BY MICHAEL CASSELL

Chicago bank moves west

IN A MOVE which challenges all those cosy theories about the banking community's undying allegiance to the City of London, First National Bank of Chicago is vacating most of its floorspace in the Square Mile.

But First National, one of the biggest overseas banks operating in London, is not opting for Croydon or Cardiff. It is moving but a couple of miles to Covent Garden, where it will become the principal tenant in the MEPC Legal and General Long Acre office scheme.

Talks have been going on for months and the new tenant has ended up with four floors, involving 65,000 sq ft net, rather than the two floors it originally required.

The Bank, which employs about 350 people in London and occupies 45,000 sq ft around the City, will be leaving its clearing centre and payments office in Royal Exchange Avenue.

The removal provides First National with a chance to gather its operations into two centres rather than the existing five. The choice of Covent Garden reflects both the absence of large, top-quality accommodation in the inner City area and what the bank describes as "excellent value for money."

Rental details have not been disclosed but the Bank is thought to be paying between £16 and £16.50 a square foot for space at Long Acre. The figure is likely to represent a reduction of £4 a square foot or more on the rents which First

National is having to pay in the City.

The deal is excellent news for MEPC which has now let about 75 per cent of the 190,000 sq ft building at rents of up to £18 a square foot and given the best possible answer to those who doubted the scheme's success.

Demand

The bank's move west will provide plenty of food for thought for those who have to monitor, analyse and make money out of trends in tenant demand. The recent relative strength of the City office market owes a very great deal to the continuing accommodation requirements of the banks and their needs over the next year will remain a fundamental factor in determining the market's state of health.

The First National decision comes at a time when a number of their American competitors have been considering moving part of their operations to less expensive accommodation, but away from the capital rather than on the doorstep.

Chemical Bank has transferred some of its head office functions to Cardiff, Bank of America has taken space in Croydon and is known to be looking at other locations beyond London while Chase Manhattan is also understood to have been considering the prospects of some relocation.

The overseas banking community nevertheless remains an important source of demand for City floorspace. A study com-

pleted by Noel Alexander Associates and released this week shows that 31 overseas banks opened new offices in London during 1992 while only two banks closed up and moved on.

The report shows that, since 1980, the number of foreign banks operating in London has risen from 73 to 428 and that the pace at which new offices are being opened has not slackened.

The importance of the banking community to the City market in particular is underlined by figures just produced by the research department at Richard Ellis, which show that of an estimated 2.5m sq ft occupied in the City last year, at least 400,000 sq ft was occupied by banks and other financial organisations.

Financial firms, particularly overseas banks, have continued to move within the traditional banking area, upgrading their accommodation and at the same time occupying larger areas of space," according to Clive Arding, a partner at Richard Ellis.

There is little reason to suppose that this fundamental trend is likely to overturn in a slight from the City. But the readiness of an operation like First National Bank of Chicago to contemplate relocation just beyond the City (albeit with important bits left behind) highlights an option which might suit space-takers who have to do something but cannot decide what.

Count-down begins for the Trocadero

IT CAN take a lot to get a surveyor excited but the Trocadero centre seems to have done the trick for Christopher Whyman.

Whyman is chief surveyor to Electricity Supply Nominees and he claims his enthusiasm for ESN's £45m shopping, eating and entertainment extravaganza on the edge of Piccadilly Circus is being shared by potential tenants.

The Trocadero is due to open its doors to the public this autumn and yesterday saw the launch of the marketing campaign, handled by Richard Ellis and Healey and Baker, to bring in the retail tenants.

Whyman's excitement—and satisfaction that the original concept has been adhered to—is apparently shared by Alan Wilson, senior partner of Richard Ellis, the development consultants. "We have already had approaches from retailers and are considering offers. We haven't accepted any and haven't turned any away. We are determined to get the right tenant mix for a scheme which is unique and which promises to restore the image of a world-famous location."

Retailing space will account for 35,000 sq ft net of the 250,000 sq ft net centre and rents will range from £18,000 a year to £135,000.

Matters are less clear-cut, however, when it comes to the all-important entertainment element of the scheme. The

centre is churning new territory but it is sticking to traditional 25-year rents, with five-year reviews, rather than opting for any form of rental geared to turnover.

According to Wilson: "There are no comparables. We are talking about long trading hours and a unique location and nobody quite knows what rental values are. It is a question of negotiation and fortunately we are blessed with sufficient interest to make this possible."

... news (as opposed to the release of large helpings of enthusiasm) was that Guinness has signed lease terms to take about 15,000 sq ft of floorspace to mount a permanent "Book of Records" exhibition. Talks with potential operators of a new "London Experience" are being held, as are negotiations with a series of other entertainment operators.

There will be five or six theme restaurants to complete the unfamiliar mix and catering group Kennedy Brookers is likely to be operating them.

The Trocadero has been a long time in the making and there have been not a few problems. With the count-down to opening well under way—and a £500,000 promotional campaign still to come—the public will soon be able to make up its own mind about the merits of a brave and expensive venture.

Hanover to buy Druce

Hanover Investments, which used to be Balkan Sobranie, this week agreed terms for the £940,000 takeover of Druce Investments, the estate agency business currently handling the sale of British Transport Hotels.

In agreeing to the deal, Druce—with pre-tax profits of £110,000 forecast for the current ten-month period to end-February—has found a convenient answer to the problem besetting medium to larger estate agency firms these days.

... and a partnership cannot provide it," says Druce's senior partner Reg Shaw. "We looked at limited liability and the Black Horse gallop (a reference to the Lloyds Bank incursion into the agency business), but Hanover's bid seemed to provide a better answer."

Druce's principal vendors will end up with 29.9 per cent of Hanover—"the most we could have had without having to make a bid for Hanover ourselves," notes Mr Shaw.

It will be going into a holding company structure, with none of the worries about interference from on high, which being swallowed up in a giant financial services conglomerate might bring.

Hanover, meanwhile, wants growth prospects, and does not want to be too heavily dependent on one activity. But with Mr Shaw and his partner, Mr S. A. Parnes, on the Hanover Board, the Druce element should be able to argue for its fair share of investment.

Fleming American buys in Houston

FLEMING American Property Unit Trust is to buy four industrial estates in Houston, Texas, for \$16.4m. Mortgages reduce the net cost to \$8.8m (£5.8m). This follows a \$5.85m office acquisition in North Carolina and the \$4.5m purchase of research and development buildings in San Jose, California.

The Houston Estates total 645,700 sq ft of floor area over 20 acres of land. The fund, established 18 months ago, now has an overall size of \$32.4m shared among 68 unit-holders.

... A public inquiry opened in London this week into the Hammerson proposals for demolition and rebuilding of a City site on the corner of Fleet Street and Whitefriars Street. Hammerson wants 34,000 sq ft of new offices. The City Corporation wants either a refurbishment, or rebuilding behind an existing facade which Hammerson describes as "not glamorous."

... Rush and Tomkins has bought a 50 per cent limited partnership in MP Associates which is to develop a new regional shopping mall in Danville, Virginia, comprising 93 shops and 193,000 sq ft of total floorspace.

... Norwich Union is funding the £8m development of a 135,000 sq ft industrial estate

at Theale, near Reading on a 6.5 acre site which the developers, Roban Group, bought from the Prestcold subsidiary of the Suter group late last year for £13m.

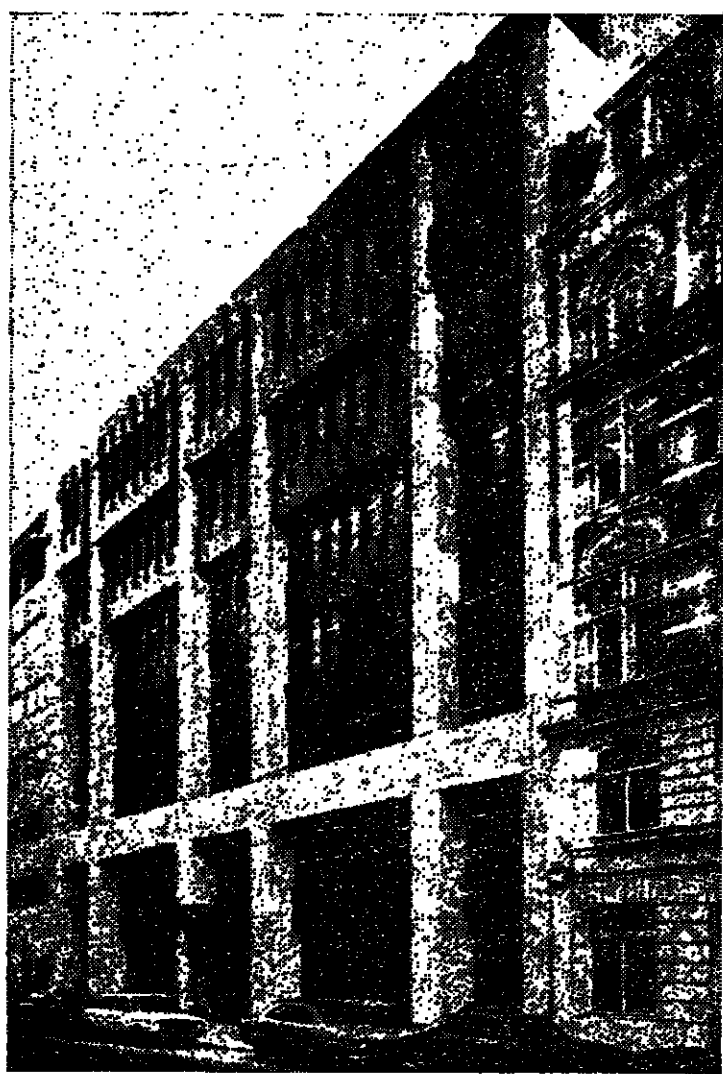
... Town & City Properties disposes in London's West End and Preston's Cheapside bring £2.65m into the corporate coffers. A mixed-tenancy building in Curzon Street and Curzon Place, Mayfair, has raised around £2m as a prime retail investment in Preston making £650,000. Both of the properties are freehold. T&C agents being Chestertons and Michael Laurie on the London deal, and Smith Mackay for Preston.

... New Cavendish Estates has sold a 10,500 sq ft building at 12 Princes Street, Hanover Square in London's West End to GD Services, a subsidiary of an Italian company, for over £2.55m.

... Robert Bosch has agreed to take the warehouse element of the National Water Council Superannuation Fund's £50m Broadwater Park development at Denham. A rent of more than £4 a sq ft is thought to have been agreed for around 270,000 sq ft of accommodation. Jones Lang Wootton and Conrad Ribbel acted for fund. Robert Bosch was introduced by Stimpsons.

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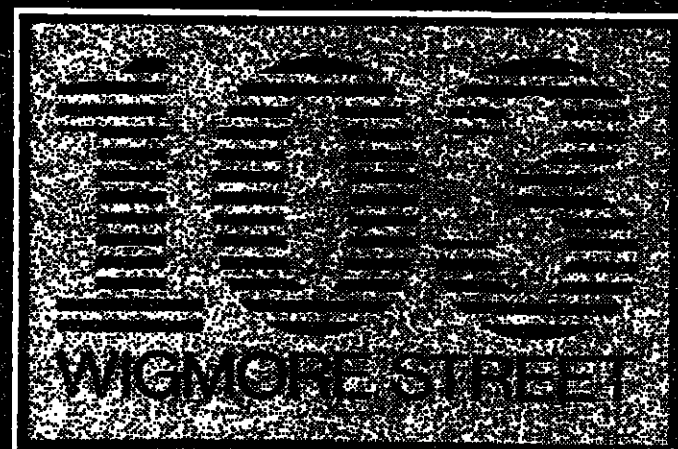
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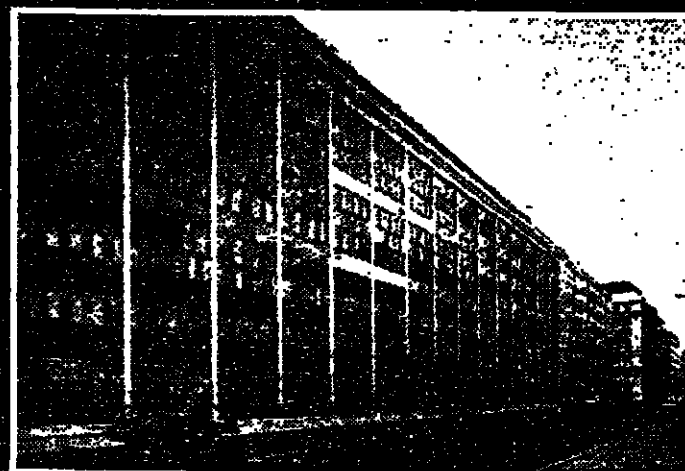
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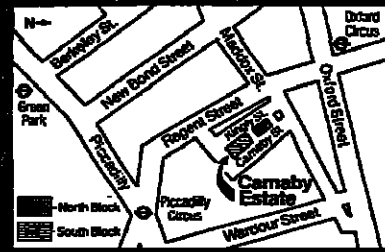
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Why executives must learn to live with pressure groups

Hofstede says that there are also cultural implications in the way an organisation's overseas country headquarters are organised.

Powerful person

"Foreign operations, fre-

A girl, a badge, a commitment.



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Powerful person

"Foreign operations, fre-

quantity fall not because they are improperly run abroad but because the international headquarters is not set up to appraise and support the foreign subsidiaries' management; home country rules are applied to host countries.

"In general, foreign operations should be able to rely on a single, high-level contact in headquarters; they should be

able to find a person with an understanding of both the foreign and the headquarters culture—and who is powerful enough to act on the foreign

With the world getting smaller Hofstede believes that intercultural co-operation will be one of the key issues for

management in the 1980s. If he has his way, there could be a new type of managerial training course on the horizon.

Arnold Kransdorff

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SCIENCE



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THE ARTS

Cinema/Nigel Andrews

Ivory's irresistible India



Julie Christie and Zakir Hussain in "Heat and Dust"

Heat and Dust, directed by James Ivory
Young Doctors In Love, directed by Garry Marshall

"This is the way things happen in India" says the dummy young lord of visiting Englishwoman Julie Christie. "Things get mixed up and absorbed." And *Heat and Dust*, magnificently directed by James Ivory from a script by his long-time collaborator Ruth Prawer Jhabvala, is like a vast bright landscape painting in which the colours have all run and blended, forming magical new shapes.

Ivory's film mixes not just the different hues and textures, sights and sounds of the country, but two different stories, two different periods. The quizzically beautiful Miss Christie, firm of jaw and auburn of hair, sails forth into the past of her great aunt Olivia, an English officer's bride who trailed clouds of mysterious scandal back in the 1920s. The old story is intertwined with the new. We shuttle freely between present-day Anne (Miss Christie), venturing delicately and surely into the Indian way of life and thought as she picks out her ancestor's past, and bright and gleaming, the present-day story of the corseted mores and crisp pragmatism of the British Raj and the shimmering variety of India herself, enshrined in the handsome, glittery, elusive Nawab (Shashi Kapoor) who finally seduces her.

As much as a tale of two cultures, weighing each in the balance, *Heat and Dust* is a brilliantly free-flowing stream of cinematic consciousness. In the soft-focus diffusions of Walter Lassally's photography — how many ounces of unguent went into giving the images their rubbed and limpid sparkle? — characters are always magically marooned amid the sum of their surroundings.

A trio of English officers, jawing over brandy under a night sky—Christopher Cazenove as Olivia's husband, Barry Foster and Julian Glover as fellow high-rankers—are the first of the British, the second the vast Indian dard, the emerald-green and rufous-red glad-rags Miss Christie festoons around herself make her a piece of the earth and trees. And the Nawab's wonderful Olivia, at once volatile and childlike-pretty with her wide feline eyes and the tugged-down corners of her mouth, moves through the land like a chameleon taking on different colours.

What Ivory offers is a visual translation of an idea of India: India is a place where the immovable force of Western shapes and the Oxford Playhouse, where it was enthusiastically reviewed by Michael Coveney.

It concerns the trendy communal lifestyle of a group of graduates living in Brixton at the start of the 1980s, and is full of good jokes and acute observation. The designer, as in Oxford, is Geoff Rose, and the cast, also as before, is Frances Barber, Chris Jury, Diana Kari, Jennifer Landor, Ian Reddington and Stephen Tiller. *Hard Feelings* has recently completed a successful tour.

Sixteen Impressionist paintings, representing the cream of the Courtauld Institute of Art collection, will be shown at the National Gallery during February and March to celebrate the Institute's fiftieth anniversary. They include *Un Bar aux Folies-Bergères* by Manet, *La Montagne Sainte-Victoire* by Cézanne and *Jeune Femme se Poudrant* by Seurat.

This year's Aldeburgh Festival will include three rare performances of rarely performed Britten works, the first public performance of a composition by Henze and the first British performance of Argento's one-act opera *A Waterbird Talk*.

The Aldeburgh Festival-Snape Maltings Foundation has announced the appointment of Oliver Knussen as an artistic director and member of the Foundation's inner artistic planning committee.

Mozart's *Così fan tutte* is to receive the Japanese treatment by an English operatic group. A new production of the work is to be performed in a Japanese setting by Opera 80 — with the necessary silk costumes costing £9,000 — out of the £14,000 outlay.

Director Stewart Trotter says that the opera's moral of women's infidelity was incompatible with a modern society, so obstructing the work's true humour. The work would be performed in English.

Martini Rossi and the Arts Council are sponsoring Opera 80's tour of *Così* and *Die Fledermaus*, which opens next month and ends in April.

Hard Feelings at the Bush

Doug Lucie's new play, *Hard Feelings*, opened last night at the Bush Theatre in London. It was first seen, in Mike Bradwell's production, last November at the Oxford Playhouse, where it was enthusiastically reviewed by Michael Coveney.

It concerns the trendy communal lifestyle of a group of graduates living in Brixton at the start of the 1980s, and is full of good jokes and acute observation. The designer, as in Oxford, is Geoff Rose, and the cast, also as before, is Frances Barber, Chris Jury, Diana Kari, Jennifer Landor, Ian Reddington and Stephen Tiller. *Hard Feelings* has recently completed a successful tour.

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F.T. CROSSWORD
PUZZLE No. 5,089

ACROSS

- 1 Loud Verdi composition full of fire and passion (6)
- 2 Good opening with scope for clever move on board (6)
- 3 Am in a rough outhouse and none too proud of it (7)
- 4 Pray the change will do you good (7)
- 5 There's a fatal catch in them (5, 5)
- 6 A mother and father figure (4)
- 7 He is finally snookered in return (5)
- 8 One keeps it in reserve (8)
- 9 Maintained unusual tidiness (8)
- 10 Half a minute or less (5)
- 11 Labour staged a walk-out? (4)
- 12 Community payment (10)
- 13 Daring type of blazer? (7)
- 14 Want the French to annoy (5)
- 15 Greek-Cypriot union is one's design (6)

DOWN

- 1 Put us in charge of the march (5)
- 2 Letter from America? (7)
- 3 Features in many a police investigation (9)
- 4 Fly from a ship (5)
- 5 Shaw's major character (7)
- 6 Performer can depart in confusion (3-6)
- 7 He stands, wishing to sit (9)
- 8 I landed awkwardly on a plant (9)
- 9 Natural, uncomplicated and not affected (9)
- 10 Strained to define decimal point (7)
- 11 A ruthless overtaker from Meissen (7)
- 12 Waves get bigger (5)
- 13 English names, no French ones (5)

Solution to Puzzle No. 5,088

1. Verdi 2. Chess 3. Toilet 4. Change 5. Catch 6. Mother 7. Snookered 8. Reserve 9. Tidiness 10. Minute 11. Strike 12. Community 13. Blazer 14. Annoy 15. Union 16. Charge 17. America 18. Features 19. Ship 20. Shaw 21. Performer 22. Stand 23. Land 24. Natural 25. Strained 26. Overtaker 27. Waves 28. English

Theatre

NEW YORK

Amadeus (Broadhurst): David Dukas stars as Salieri in the award-winning and elegant National Theatre production of Mozart's life. (247 0472)

Agnes of God (Music Box): The fiery life of Elizabeth Ashley, Geraldine Page and Anthony Quinn enliven a somewhat overwrought clash of ideologies. (248 4638)

Joseph and the Amazing Technicolor Dreamcoat (Royale): The first work by Andrew Lloyd-Webber and Tim Rice is a lively and imaginative production directed by Tony Tanner. (245 5780)

Crimes of the Heart (Golden): Despite its genial humour, outlandish events and Pulitzer Prize, Beth Henley's story of three Mississippi sisters boils down to a sizzling sensibility full of gags, good acting and frequent phone interruptions. (248 6748)

Confessions (Fairbanks): Author Jonathan Rasmussen takes advantage of stunt watching Francis Ford Coppola shooting *Apocalypse Now* to parody the American film industry in this rollicking recreation of a jungle film set swatting the end of a season typoon. (435 W 42nd). (249 4200)

Nine (48th St): Two dozen women surround Raul Julia in this Tony-award winning musical version of the Fellini film, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (248 6246)

Night (Booth): How Harker became a Nazi in this London import starring Alan Howard and directed by Howard Davies, is eloquent, stylish in set and overlapping scenes, but ultimately convincing for the rather underdramatic and prosaic reason that Hitler was sought after and treated well. No moral tale there. (539 6200)

Arts Week

F S Su M Tu W Th
 4 5 6 7 8 9 10

WASHINGTON

Loye (Eisenhower, Kennedy Center): Tony Richardson directs Kathleen Turner and Brad Davis in Gardner McKelvey's new tense and twisted murder mystery set on a California tennis court. (545 5070)

Show Boat (Opera House, Kennedy Center): A cast of 50 from Houston Opera Company led by Donald O'Connor revives the Kern-Hammerstein musical of 1927 with its brilliant songs including *Songs of the Man River*, Bill and Make Believe. (254 3770)

The Imaginary Invalid (Arena Stage): Guthrie Theatre's associate artistic director Garland Wright presents Argan and company with Marc An-

toine Charpentier's original music for Molière's masterpiece about quackery and hypochondria in the ancien régime. (468 5300)

CHICAGO

The Comedy of Errors (Goodman): With Adriana played by world champion, before twice Sophie Schwab and Luciana by Gina Leishman who has mastered seven musical instruments, this Shakespeare could be nothing but a circus, especially surrounded by the Flying Karavans Brothers and street musicians and jugglers from across America in Robert Woodruff's lively production. (443 3800)

Doet for One (North Light Rep, 2300 Green Bay, Evanston): Tom Kempinski's slightly veiled story of the painful and frustrating accommodation of a concert artist to growing disability stars, Eva Marie Saint. (869 7278)

E. R. (Organic, 3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodrama, starring Gary Houston as an ambitious young doctor, Shuko Akane as the receptionist and Lily Monks as the authoritarian nurse. (837 5588)

Shear Madness (Mayfair at the Blackstone Hotel): Bruce Jordan and Marilyn Abrams recreating the roles they originated in the hit *Madness* as the receptionist and Lily Monks as the authoritarian nurse. (837 5588)

Spalding: Gray Retrospective (Goodman Studio): The autobiographical monologist best known to downtown New Yorkers is an acquired taste outside his natural habitat among the young sophisticate set. (443 3300)

VIENNA

Vienna's English Theatre (421 280): Arsenic and Old Lace (Daily except Sun)

Theater an der Wien (576 832): Anatevka (Daily except Mon)

LONDON

The Real Thing (Strand): Fascinating, enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex vein. A tone of serious levity is well struck in Peter Wood's production and the performances of Roger Rees and Felicity Kendal. (836 2600/4143)

Other Places (Cottesloe): Triple bill of Harold Pinter plays superbly directed by Peter Hall. Pinter breaks new ground in *A Kind of Alaska*, Judi Dench outstanding as a woman coming out of coma after 29 years and accelerating from small girl to adult maturity in half an hour. (892 2522)

Noises Off (Savoy): Michael Frayn's backstage comedy is still the funniest play in London, owing small debts to Rattigan's *Harlequinade* and Pirandello's *Six Characters*. Brilliantly directed by Michael Blakemore. (837 8888)

The Pirates of Penzance (Drury Lane): Rotundly vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. One or two brilliant set pieces, but is all this strenuous arithmetic camping about really preferable to the plain daisies of the *D'Oyly Carte* tradition? (838 8108)

84 Charing Cross Road (Ambassadors): Moving, unspectacular account of the love affair by correspondence between a New York Angophile, Helene Hanft, and the owner of a West End bookshop. (838 1171)

Grandfather is only adequate in the part of Esamilla, the Belle in *Maschera* is conducted by the Young American Judith Somogyi. The Brussels National Opera Ensemble offers Charpentier's rarely-played *Louise* with Felicity Lott in the title role. (25 691)

Stuttgart Württembergische Staatsoper is offering the complete Jean Pierre Ponnelle Wagner cycle. This week a revival of *Die Walküre* conducted by Gustav Kuhn with a standing Wagner legend Peter Hofmann and Catarina Ligsdorf. Also *Rigoletto* and *Der Troubadour* with an all-Italian cast. (20 321)

ITALY

Rome, Opera House: Idomeneo and *The Nutcracker*.

Milan, La Scala: Ballet Lieb und Leid to music by Mahler.

NEW YORK

New York City Ballet (New York State Theater, Lincoln Center): The season continues with the mixed repertoire including works by Jerome Robbins. *The Sleeping Beauty* is head George Balanchine. (870 5570)

Don Quixote (Uris): Rudolf Nureyev, who staged and choreographed this full-length Russian Ballet production, will dance the role of Basilio opposite three ballerinas sharing the role of Kitri: Eva Evdokimova, Laura Young and Marie-Christine Mouis. Nicholas Georgiadis designed the scenery and costumes in the style of the cartoons and paintings of Goya. Patrick Flynn conducts the Symphony Orchestra in John Lanchbery's arrangement of the Minikins. *The Little Prince* is scheduled for February 5 will be the production's 100th performance.

Dana Reitz and Dancers (BAM, 30 Lafayette Ave, Brooklyn): Quintet Project and a world premiere in music programme. (836 4100)

Wagner, Theo Adam in the title role. Johann Christian Bach's *Amadis* — rediscovered after 200 years — had its premiere here this season. It is played by Marco Armiliato, conducted by Helmut Rilling and features Helen Donath and Doris Soffel. Lucia Popp triumphs in the part of Susanna in *Die Hochzeit des Figaro*. The *Marie Thérèse*, an ultra-rare production by Achim Freyer, had a mixed critical reception. (33 151)

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Beethoven: at the Konzerthaus, Vienna

Music

LONDON

RBC Symphony Orchestra and Chorus with BBC Singers conducted by John Pritchard. Bartók's *Cantata Profana* sung in Hungarian and Beethoven's *Choral Symphony*. Royal Festival Hall (Mon). (262 1181)

Philharmonia Orchestra with Vladimir Ashkenazy as conductor and pianist. Prokofiev, Mozart and Strauss. Royal Festival Hall (Tue).

London Symphony Orchestra conducted by Ivan Fischer with Zoltan Kocsis, piano. Wagner, Rachmaninov and Dvorak. Royal Festival Hall (Wed).

Royal Philharmonic Orchestra conducted by Sir Georg Solti. Wagner, Beethoven and first performance of McCabe's *Concerto for Orchestra*. Royal Festival Hall (Thur).

Walter Klien, piano. Schubert, Queen Elizabeth Hall (Thur).

Clifford Brown, piano and Andreas Schiff, piano. Schubert, Queen Elizabeth Hall (Thur).

London Sinfonietta, 17th Street: Alto-soprano, tenor, bass and piano quartet. Ends Feb 12. (439 0747)

Berlin Philharmonie: Tonhalle Orchestra Zurich, conducted by Christoph Eschenbach with Flautist Andre Nicolet. Mozart and Bruckner (Thur).

ITALY

Rome, Auditorium via della Conciliazione: Mahler 9 (Mon and Tue).

NEW YORK

Avery Fisher Hall: New York Philharmonic, Zubin Mehta conducting. Mozart, Schoenberg (Tue). Zubin Mehta conducting. Tullerkin, Behrman soprano. All-Wagner programme (Thur). (874 2524)

Carnegie Hall: Royal Swedish Chamber Orchestra, Mats Liljeström conducting. Corelli, Mozart, Mercadante, Bartók, Nielsen (Mon); Philadelphia Orchestra, Riccardo Muti conducting. Claudio Arrau pianist. Prokofiev, Ravel and Liszt Suite (Thur). (247 7439)

Head St. Y (1385 Lexington): Group for Contemporary Music, Lukas Foss piano, Benjamin Hudson violin, Barbara Martin mezzo-soprano, Foss, Wegsall, Berio, Drachmann (Tue). (227 4400)

Alce Tully Hall (Lincoln Center): Chamber Music Society of Lincoln Center. Elmer Oliveira violin, Dobson, Beethoven, Glazunov (Mon, Tue). (983 1900)

WASHINGTON

Concert Hall (Kennedy Center): National Symphony Orchestra, David Zinman conducting. Eugene Iustin piano. Fauré, Chopin, Strauss (Tue, Wed, Thur). (254 3778)

CHICAGO

Orchestra Hall (230 S. Michigan): Chicago Symphony, Claudio Abbado conducting. Beethoven, Liszt piano. Stockholm Gruppen, Rachmaninov: Piano Concerto No. 2 (Thur). (435 8122)

VIENNA

Musiktheater (268 190): Kitchi Quartet. Beethoven, Dvorak, Debussy (Wed). Kitchi Quartet. (721 211). Alban Berg Quartet. Beethoven, Dvorak, Bartók (Tue).

Opera and Ballet

VIENNA

Raimundtheater (576 826): Die Gräfin Mariza (Daily except Mon).

Staatstheater (532/4 2555): Le Nozze di Figaro, Falstaff, ballet. Raphael and Chloé. The Firebird On Wed and Thur the opera is closed for the Opera Ball.

Volkoper (332/4 2857): Der Fremdenliebhaber. Die Gräfin Mariza, Die Feenkönigin, Der Vogelshänder, Die Lustigen Weiber von Windsor.

LONDON

Royal Opera, Covent Garden: Samson et Dalila, Saint-Saëns' opera in its visually stunning Covent Garden realisation, has Jon Vickers and Shirley Verrett (gripping actors, flawed but commanding singers) in the title roles, and Georges Prêtre as conductor. (240 086)

English National Opera, Coliseum: A week heavily dominated by Slavonic opera — Tchaikovsky's *Queen of Spades*, in David Pountney's grotesque misrepresentation of a production, and a revival of Boris Godunov in pure Mussorgsky guise. Anne Hunsley takes the great title role, Roger Howard conducts. Gounod's *Egmont* and Juliet, with John Travençolo and Valerie Masterson in roles, rounds out the repertoire.

Royal Opera House, Covent Garden: Sleeping Beauty (Tue and Thur). Ends spring 1983.

Théâtre Royal de la Monnaie: Zimmermann: Die Soldaten with the Frankfurt am Main Orchestra conducted by Michael Gielen (Wed). Ends spring 1983.

BRUSSELS

Berlin, Deutsche Opera: A new Götz Friedrich production of *Die Tote Stadt* by Wolfgang Korngold featuring

WEST GERMANY

Stuttgart, Staatstheater: Konrad Adenauer Strasse. Late 18th and early 17th century Italian masterpieces reflect the beginnings of Baroque. Ends spring 1983.

Münster, Westfälisches Landesmuseum: Donizetti: *Il furber* for the first time a museum is staging a joint show of the more than 140 paintings which Paul Klee, August Macke and Louis Möller brought back from a trip to North Africa in 1914. Ends February 13.

Cologne, Wallraf-Richartz Museum: An Der Rechtschule: Emil Galle, The French. The artist's style, is celebrated here through some of his most beautiful glass and drawings. Ends Feb 12.

Frankfurt, Kunstverein: 44 Market Drawings and paintings depicting human beings from between 1800 and 1870 by Pier Pasolini, the Italian. Ends Feb 12.

Tübingen, Kunsthalle: 157 drawings, gouaches, water colours and collages by Jean Dubuffet, the French Art Brut painter and sculptor. Ends March 6.

ITALY

Florence, Palazzo Pitti: One hundred works from Dresden Picture Gallery. Ends March 4.

Rome, Accademia di Francia: "Mediterranean Picasso", a collection of about 100 works inspired by Mediterranean life. Ends Feb 12.

Rome, Galleria Nazionale d'Arte Moderna: Paintings inspired by Gulliver from Fattori to Guttuso. Ends Feb 27.

Milan, Castello Sforzesco: Italian silk 1450-1525. Ends Feb 26.

Milan, Palazzo della Permanente: Twentieth Century paintings including Sironi, Campigli, Carrà de Chirico and Morandi. Ends March 27.

LONDON

Walker Art Gallery, Liverpool: John Moores 13 — Britain's first and most important Open Exhibition, which regularly attracts a strong entry from amongst our best contemporary painters. The prizes are generous enough: £3,000, £2,000, £2,000 and ten at £250, but the prestige lies in the selection itself. This year's exhibition is full of strong unexpected universal painting, both figurative and abstract, with John Hoyland victor ludorum. Ends Feb 20.

The National Portrait Gallery: Van Dyck in England — if not unquestionably the greatest, Hans Holbein, certainly the most prolific and lasting

National Gallery: On the centenary of Edouard Manet's death, a hundred paintings, pastels and photographs show the growing interest in Paris among artists of that time, including Manet, Moreau, Degas, Gauguin, Dufrenoy, and Vuillard. In this the most exciting exhibition. Ends March 6. Se-

Whitney Museum: Painter Ellsworth Kelly will become better known as a sculptor with this first sculptural retrospective of 40 works dating back to the 1940s and including recent large aluminium and weathering steel works, many never before displayed publicly. Ends Feb. 27. (570 3676)

WASHINGTON

Metropolitan Museum of Art: Architectural drawings, furniture, photographs and even ceramics comprise the hundreds of objects of Frank Lloyd Wright's dusted off

FINANCIAL TIMES

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Friday February 4 1983

Australia's
key issue

EVENTS MOVE swiftly in Australian politics, so that yesterday's issues are often forgotten the next morning. However, the double dissolution of Parliament and the calling of a general election for March 5 offer reasonably cheering prospects that the electorate may indeed address itself to the central issue identified yesterday by Mr Malcolm Fraser, the Prime Minister.

The issue is whether or not Australia is to confront, as Mr Fraser intends, the central problem of its wage inflation.

Speculation that Mr Fraser would call an early election has been a theme for months. There has been no shortage of issues, from rising unemployment to the entry of foreign banks, the mining of uranium to the building of a controversial dam in the Tasmanian wilderness. Yet the odds were always short that Mr Fraser would choose to go to the country on the issue of the unions, for it is wage inflation and deteriorating productivity that have harmed Australia's competitiveness and added to its burden.

The economy is not in good shape, despite massive inflows of capital attracted by the prospect of investing in natural resources. Inflation is running at an annual rate of 11 per cent, and unemployment heading for 12 per cent. The severe drought in 200 years is harming exports, and the depressed state of the minerals trade has caused a collapse in profit and layoffs in manufacturing. More depressingly, the recession has caused the abandonment or postponement of numerous mining projects.

That is not a permanent worry. Australia is set to become one of the world's major minerals suppliers. With its well-trained workforce and its fierce addition to democratic values, it will continue to attract foreign investors.

OECD report pointed out, wage inflation is still deeply rooted within the system, while

Australians are pioneers in the search for a progressively shorter working week without offsetting reductions in labour costs. The drive for high wages and shorter working hours is not matched by corresponding gains in productivity. Australians' propensity to strike has now reached the proportions of national pastime.

The country is experimenting with a wage pause, imposed by the Liberal-National Party coalition Government of Mr Fraser. Yesterday, capitalising on the continued disarray within the Australian Labor Party, Mr Fraser said that a concerted attempt by the unions, backed by the Labor Party to break the wages pause, was divisive and destructive. He said the pause was introduced with the agreement of the seven state governments, and endorsed by the Arbitration Commission.

The problem, for Labor, is that it has not yet articulated its economic policy. It recently rearranged its senior spokesmen, and yesterday jettisoned its leader, Mr Bill Hayden, in favour of a successor, Mr Bob Hawke, who has barely a month in which to finalise and present an alternative economic strategy.

Australians have not forgotten the debacle of the sacking of the last Labor Government led by Mr Gough Whitlam by the Governor-General in the mid 1970s. Under Mr Hayden the party was riven with feuds. Last year, Mr Hayden thwarted Mr Hawke's challenge, but Mr Hayden's performance in recent weeks has been totally eclipsed by that of a Prime Minister with the same name.

Mr Fraser is admired for his political skills, if not for his vision, and in a campaign that promises to be ugly, even by Australian standards, the country may well stick with him. He is certainly right to insist that he cannot govern Australia constructively unless the problem of unrealistic wage demands is faced up to.

For two years now, oil production has fluctuated at levels far below the 2m barrels a day (b/d) on which Nigeria's ambitious economic plans were once based. Both foreign exchange income and government revenues have been slashed, forcing drastic cut-backs in imports and general economic activity, and in turn resulting in a sharp increase in urban unemployment.

Public attention inevitably focused on the presence of migrant workers, who had taken on thousands of low-paid jobs in construction, textile factories, hotels and domestic services—jobs which in normal circumstances most Nigerians would consider beneath their dignity.

When Alhaji Ali Baba, the Minister of Internal Affairs, made his announcement on

FOR the past three weeks, Nigeria seems to have been suffering from a chronic case of schizophrenia. It has managed to expel hundreds of thousands of migrant workers in conditions of considerable misery without apparently suffering from any great degree of public remorse.

Yet at the same time it is going through intense soul-searching over the scandal of a fire which gutted the largest office block in Lagos, leaving the country temporarily without telephone and telex links to the outside world.

The expulsion of the Ghanaians and other West Africans who had flocked to Nigeria for jobs over the past 10 years of oil boom is the legitimate action of a sovereign state, even though it was done without warning and without consultation. Criticism has focused on the manner, but not the principle, of the exercise.

The suspected arson in the headquarters of the Nigerian External Telecommunications (NET) corporation, apparently to cover up a fraud in the organisation's accounts, has shocked Nigerians far more. It is seen as a national disgrace, a grievous blow to national pride, and a conclusive proof of the chronic corruption and inefficiency of the country's public service. It even precipitated an unprecedented student demonstration in the streets of the capital demanding the removal of President Shagari's civilian government, and the return of military rule.

Both those events have caused another matter of paramount importance to the economic health of the nation to be passed over with barely a comment—the renewed slump in Nigeria's oil production. Only the top civil servants and businessmen have been mesmerised as the disarray in the Organisation of Petroleum Exporting Countries (Opec) has once more made Africa's oil giant the centre of the market battle over the price of crude.

Of course, the decision to expel the illegal aliens is directly related to the glut in the international oil market, and the resulting plight of the Nigerian economy, as much as it is to the forthcoming national elections.

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EXODUS FROM NIGERIA

Scapegoats for an oil glut

By Quentin Peel in Lagos



The exodus in full flight: Ghanaians arrive at the Benin-Togo border just 100 miles from their homeland

January 17 that the migrants had two weeks to leave, it came without warning—even to some of his Cabinet colleagues—but it came as no surprise.

Few doubt that the decision was made with more than an eye on the forthcoming elections—the first since 1979, when President Shagari was elected to take over after 13 years of military rule. But it is a decision which could yet backfire. The migrants have effectively been made scapegoats for the ills of the country.

The exodus is not going to solve Nigeria's economic problems, even if it buys a momentary breathing space. The slump in oil production has already taken too great a toll. While average production throughout 1982 ran at 1.3m b/d, producing revenue of around \$1bn a month, imports remained stubbornly above \$900m (\$1.35bn), in spite of austerity measures introduced by President Shagari in April.

Foreign exchange reserves were already down by then to around \$1bn (\$1.5bn), or little more than one month's import cover.

The books have been balanced, therefore, only by an ever-increasing delay in payments of trade bills.

Although the figure is hotly disputed by Government officials, the extent of those trade arrears is widely estimated by bankers at around \$5bn—the equivalent of three months' imports at the rate prevailing in early 1982.

Because of the continuing low level of oil production throughout the year, with only a slight respite in June, when it topped 1.6m b/d, Nigeria has been unable to reduce that backlog at all. Although foreign exchange reserves are still officially stated to total around \$1bn, that figure is obviously purely notional.

Nonetheless, the import restrictions have gradually begun to take effect: monthly imports came down during the

year from \$1.2bn to less than \$900m.

Officials maintain they are now down to \$800m and new import restrictions introduced on January 1—putting the vast majority of goods under strict import licensing—are likely to cause a big drop in this month's figures.

The Government's stated target is to reduce all foreign exchange outflows to a rate of \$600m a month—including loan repayments, which means visible trade of a lot less.

The real reason why imports have started to drop, however, is not the Nigerian Government's administrative efforts, but the response of the international banks to the country's trade arrears. Virtually all the major banks heavily involved in Nigeria have simply stopped confirming letters of credit, and only the smaller banks are prepared to take on new commitments.

The local economy is being hit in two ways. The shortage of Government revenue—normally more than 80 per cent comes from oil—has meant that major public spending contracts have slowed down across the country.

Even before the migrants

were forced to leave, construction companies had been laying off their workers in large numbers. The simultaneous cut-back in imports has hit both spare parts and raw materials for industry, and there again, lay-offs have been announced in most parts of the country.

"We are experiencing something which has never happened in Nigeria for 10 years: a downturn in consumer demand," according to a senior executive in one of the largest trading houses. "Unemployment is beginning to bite. Hence the reason for this enormous pressure from the unions and others on the streets. And unemployment will get worse. The import restrictions are crippling local industry, whatever their intention. It may take years to get industry moving again."

If all things had been equal, and the oil market had held, Nigeria might have hoped to get its balance of payments under control in the course of 1983. But fate has been cruel. Oil production in January is likely to total little more than 1.3m b/d, the lowest monthly figure since August, 1981, and oil company officials predict, on the basis of the number of

tankers scheduled to call at Nigerian export terminals, that February will be lower still.

"Production used to be underpinned by long-term contracts," according to one company executive. "Most of those finished at the end of 1982, and have not been renewed. So production fluctuates according to the arrival of tankers."

The Nigerian National Petroleum Corporation (NNPC) still has some Government-to-government contracts, but the independent traders are buying nothing. The only ones to have continued lifting are the major companies, and most of them are phasing out (their contracts).

As a result, Nigeria is now the Opec member whose oil production is furthest below its quota—set last year at 1.3m b/d—and is therefore most urgently in need of an Opec agreement to agree to new production quotas unless the African states—Algeria, Libya and Nigeria—promised to increase the premium the charge above the \$34 Saudi marker price.

There is considerable bewilderment in Nigeria about the reasons for the Saudi rejection of a straightforward production-sharing agreement under the existing price structure, which puts Nigerian oil just \$1.50 above the marker price.

Both Governments and company officials argue that any move to increase that differential would be suicidal in the present market.

There is a strong suspicion in Lagos that the Saudis, by picking a quarrel in Geneva, were trying to force Nigeria to

take the lead in cutting oil prices, in spite of the very real danger that this could precipitate an uncontrolled downward spiral.

There is a further complication for Nigeria to cope with. If the country is to pay off its backlog in trade arrears, it clearly needs a very substantial balance of payments loan. Saudi Arabia has indicated its willingness to find at least some of the money, and talks have continued on and off for the past year. But if Nigeria takes the Saudi loan—which could amount to less than \$1bn, not the \$3bn once being mooted—it would almost certainly have to tow the Saudi line.

There are two other possible sources of balance of payments finance—the International Monetary Fund (IMF) and the commercial banks. However, top Nigerian officials remain adamant that they will not approach the Fund for money because they are convinced it will demand a devaluation of the naira in return. They consider such a condition would be politically disastrous before the election.

On the other hand, it seems highly unlikely that the commercial banks will agree to put together a major package without an IMF programme of stabilisation to underpin it. There is also the problem of the unpaid arrears.

Meanwhile, the most senior Nigerian Government advisers are by no means convinced that a loan is the right answer. They apparently fear it might encourage the politicians seeking re-election to go on a spending spree. As one senior official put it: "Perhaps we should learn how to fast."

That attitude is quite common in the upper echelons of the country. "I believe the next 18 months will be very tough indeed, with no real growth," says Chief Ernest Shonkan, chairman and chief executive of the United Africa Company (UAC). "I believe very strongly we have to go through all this. For the last 18 months, people have been worrying about how to spend money, not how to make money. We must go through this kind of disciplinary action to take the scales out of our eyes."

Others are doubtful that austerity will change very much. "Perhaps naively, I had thought that these economic problems might make people get their act together and behave differently," one oil company executive said. "But we have still got the same old problems."

"The expulsion of the aliens was an act of economic illiteracy. The NET fire was the last straw," according to a former top civil servant. "It was a traumatic experience, and another visible sign of the incompetence of government."

"This is a country of dreamers," a leading banker said. "They prefer ignoring or hiding the reality from themselves, rather than have sleepless nights. But they are going to have to swallow their pride and go to the IMF after the elections."

Money market
politics

NO DOUBT there is much to criticise in the operations of the British clearing banks. But to blame them for the recent rise in short-term interest rates, as Mrs Thatcher apparently plans to do at a lunch with clearing bank chairmen on Wednesday, is taking things a little far.

The original cause of the grievance was Barclays Bank's decision to raise its base rate when the Prime Minister was away in the Falklands. It was said to have made its move without waiting for the appropriate signal from the Bank of England. So much the better, then, that Mr John Quinton, senior general manager of Barclays, was ready yesterday with a rejoinder.

Mr Quinton declared, to some point, that the Bank of England's policy since the abolition of minimum lending rate in 1981 had been to allow market forces a greater role in determining the structure of short-term interest rates; and that the chief determinant of the banks' base rates was the marginal cost of bank funds as reflected in the inter-bank market.

He went on to argue that the rate at which the Bank of England intervenes in the market has no direct impact on the clearing banks' judgments about base rate, except to the extent that its actions moved money market rates generally. An economic analysis of conditions in the market depended not on the

banks, but on the transactions between the monetary authorities and the private sector.

To go from there to assert that the clearing banks' role is largely passive and responsive is to move into slightly more contentious territory. Any bank that leads the change in base rates will tend to anticipate the trend in money market rates as it does so. But is the Prime Minister seriously suggesting that the banks should refrain from exercising judgment in this way?

It is not unusual for politicians to look for a scapegoat when markets pass an unfavourable judgement on their policies. Little more than a decade ago another Tory Prime Minister lately castigated leaders of the money market for failing to invest. So, too, with central bankers: Dr Arthur Burns, when at the Federal Reserve, was known to express pungent views to individual banks about their changes in prime rate.

If the present incident has caused surprise, it is probably because people tend to think of Mr Thatcher as the bearer of the monetarist, free market gospel. Far from it; no monetarist would have the kind of economist would support the notion that interest rates, money supply and the exchange rate can all be controlled at one and the same time, and that the money market is an omniscient and it would be foolish to forget it.

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Export subsidies

OFFICIALS OF THE Treasury are reported to have expressed concern about the cost-effectiveness of the official subsidies used to promote British capital goods exports. Their concern is justified and deserves a more considered response than has so far been forthcoming from Ministers. It has been too readily assumed that the subsidisation of capital goods exports, whether through artificially low interest rates or in other ways, is an essential weapon in Britain's trade armoury and that, without it, unemployment in the capital goods industries would be even higher than it is already.

The familiar argument is that other industrial countries do the same and Britain cannot afford an act of unilateral disarmament. It is true that subsidies have now become deeply entrenched in the world trading system. As is shown by the long arguments over the OECD export credit consensus, it is extremely difficult to bring these practices under inter-

national control. But the extent of subsidisation in many industrial countries goes further than support for exports.

In sectors where state-owned undertakings are the dominant purchasers capital goods producers have a captive market which is virtually closed to foreign suppliers. The price these undertakings pay for equipment is higher than it would be if they were free to buy in the world market; this in turn raises the price they charge to their own customers.

It is not obvious how taxpayers and consumers in the exporting country benefit from this pattern of protected high-price domestic markets and subsidised low-price overseas markets. Industrial countries including Britain are engaged in a mercantilist competition which may bring kudos to individual ministers when major overseas contracts are won, but which imposes heavy costs. The balance between costs to the taxpayer and benefits to industry needs to be assessed more fully and more openly.

Men & Matters

Steel stock

Ian MacGregor, chairman of beleaguered British Steel, is giving rapid preference to one of his brightest young men, David Prior, 27-year-old son of Jim Prior, the Northern Ireland Secretary.

David Prior moves soon to Halesowen, Birmingham, to learn the key trade of steel stockholding under the experienced tutelage of Cliff Keeler, managing director of British Steel Service Centres for the last ten years. At the end of the year Keeler will retire, shortly before becoming 60, and Prior will take over as chief executive of the £200m-a-year business.

Traditionally the best steel management jobs have been reserved for men with dirt under their finger nails, engineers, and sometimes accountants. MacGregor sees the industry rather differently. He found Prior, a barrister by training, at Lehman's the bankers, took him to Lazard Freres in New York, and then made him his personal assistant at British Steel.

Prior will be running a business with about 11 per cent of the British steel stockholding trade which handles altogether about half the steel making in Britain. As bulk steelmaking has declined and direct sales from mills have fallen away the role of stockholding has become increasingly important to British Steel's business.

Prior could hardly have a more able teacher than Keeler who has himself wooed from the private sector (he was a Miles Druce director) to build up British Steel's stockholding arm. He is one of the few steelmen in Britain who can move with equal assurance in both the public and private domains of the industry.

MacGregor, by placing perhaps his favourite young man in

the hot seat, is seen as putting Gandhi's own market to prove a second term as chairman from 1984.

Charity afloat

Hong Kong shipowners C. H. Tung, in Glasgow yesterday for the launching of his new £15m bulk carrier by the Queen Mother at Govan, bravely put a humorous gloss on the current trials of the shipping industry.

Today's shipowner, Tung defined as "someone who always gets his facts wrong, is perpetually very poor, and only makes money by accident or good luck not by design."

Shipbuilders, he said, were "people running the biggest charity organisation... trying to give ships away for nothing." But the charterers—including, presumably, Canada's Alcan which is chartering the latest addition to Tung's fleet—he added, were "white nights," bringing relief to the industry despite their own troubles in the recession.

Paul's friend

For those fascinated by the inner workings of power this year's Indian Republic Day honours list holds an important clue.

Two foreigners received the country's third-highest honour—the Padma Bhushan. Unsurprisingly one was Richard Attenborough for his film Gandhi. The other is a mellow naturalised Briton of Indian origin named Swraj Paul.

Paul's special role is that he is one of a tiny number of people who have made friends with, and have remained close to, India's prime minister Mrs Indira Gandhi.

Paul is more familiar to the public as head of the Caparo Group, with headquarters in London. Since his arrival in Britain 17 years ago, the group



under his direction has diversified and prospered with steel tube production in South Wales, hotels, prime London property, and ship management.

He has just been doing what came naturally. His family roots go back to the little Punjab town of Jullundur where his father started making implements in a home-made foundry and sowed the seeds of a big industrial conglomerate in India.

Obviously Paul received his honour for helping to organise the successful Festival of India in Britain last year.

But the probability is that Gandhi's gesture was more deeply personal. Paul has become so close to India's prickly leader that he can by-pass the bureaucracy that surrounds her. When she went to Washington recently for her fence-mending visit with President Reagan he asked Paul to go with her. She frequently calls him in London for advice. His views on how she might react to sensitive situations are often sought by other leaders. "But I am not," he in-

sists with a twinkle in his eye "is by nature a politician."

Mrs Gandhi has more than once tried to persuade Paul to take top Indian official position. On her return to power in 1980 he was offered the choice of being His Commissioner in London or Ambassador to Washington. He refused both jobs.

Those who know him and Mrs Gandhi believe the key to their close relationship is to be found in the fact that he has proved over the years that he wants nothing from her.

Hoff break

Things change so fast in California's Silicon Valley that few moves cause much surprise. But Ted Hoff's decision to quit chip-maker Intel to become vice-president of research and development at Atari, the video game and home computer company, has caused a real stir.

Hoff was regarded as an Intel fixture. He was one of the company's first handful of employees, invented the micro-processor at its drawing board there, and after constantly refusing any promotion outside his research role was honoured with the title of Fellow of Intel.

As one of Intel's highest-paid men and also, it is believed, a substantial stockholder, colleagues reckon that Hoff must have been able to name his own price to join Atari.

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Observer

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POLITICS TODAY

Third force in the Tory Party

By Malcolm Rutherford



DISCUSSION of the British Conservative Party nowadays tends to focus on two groups—very broadly speaking, the Thatcherites and the paternalists, sometimes inaccurately described as the dries and the wets respectively.

The Thatcherites tend to base their political philosophy on good housekeeping, on almost balancing the budget, as Mrs Thatcher herself has honestly admitted. They are strict on law and order, not overly sympathetic to other races and more than a little nationalistic, even if their own word for it is patriotism.

The paternalists, as exemplified by Mr Francis Pym or Mr William Whitelaw, have no great political philosophy as such beyond a vague reliance on "one Nation" and a belief that governments ought to do the best they can in adverse circumstances for as many of the people as possible. They incline to be more internationalist in outlook, generally more liberal and can be somewhat snobbish about the Thatcherites.

It does not base its philosophy on moral conviction

laws to rise in their place. People with old wealth and relatively liberal views, and ready to go into politics, do not seem to exist any more. A generation is passing.

Yet there is a third group in the party which has received less attention. Its leading representatives are Sir Geoffrey Howe, the Chancellor of the Exchequer, and Mr Patrick Jenkin, the Secretary of State for Industry.

This group differs from the Thatcherites in that while it may have broadly similar views on economic policy, it is more pragmatic. It does not base its political philosophy on moral conviction. On social questions it tends to be the link and encourage the French national carrier, Air France, to order the new aircraft. The British Government on the other hand has done little to support the project.

Is it any wonder that the

much less internationalist—more at home in the Bow Group in Birmingham than (say) the United Nations or the International Monetary Fund.

That is now changing. Sir Geoffrey has become more like his Labour predecessor at the Treasury, Mr Denis Healey, in that his speeches and conversation are peppered with references to developing countries and international economic problems. He has learned from the job, and the Chancellorship must be the best post, bar one, to learn about how government works. He has also become chairman of the Interim Committee of the IMF, a position which he takes with immense seriousness.

Mr Jenkin has developed too, having recently been in Japan seeking direct investment. He would be the natural replacement at the Treasury if Sir Geoffrey were to move to the Foreign Office following a Tory victory at a general election.

It can be argued that the Howe-Jenkin axis is among the most important in the Cabinet. For not only are they old friends from Cambridge, sharing a similar belief in a gradual, patient approach to change; they also control two of the major Departments. Industrial policy could almost be made between them. Thus Sir Geoffrey was happy to leave the recent discussion of the steel industry almost entirely to Mr Jenkin in a way that he might not have been if someone else had been at the post. "Don't ask me, ask Patrick," he would say.

But there is more to it than that. Along with Mr Cecil Parkinson, the Party Chairman, Sir Geoffrey is overruling the preparation of the next Tory Manifesto. Mr Parkinson will be more concerned with presentation and selling. Sir Geoffrey is the ideas man. Moreover, he is one of the few leading figures in the party to have been giving much detailed thought to the future.

In all the talk about the need to bring more outside advisers into government, it is sometimes overlooked that the present Chancellor already has three in his office whom he sees regularly along with other Treasury Ministers. Without the aid of officials, in his case the reform (if it is one) of introducing political advisers has already been achieved.

That is one reason why the latest issue of *The Journal of Economic Affairs* is so interesting. It includes an edited version of Sir Geoffrey's Cambridge lecture last summer, now called "Agenda for liberal conservatism," followed by comments from various Conservative MPs. That is liberal conservatism or the third strand.

For a start, the Chancellor's rejoinder provides the biggest clue you are likely to find about the theme of the forthcoming Budget. "The most acceptable approach is to continue restraining overall public spending and providing the best conditions for growth, while doing what we prudently can to raise tax thresholds."

"demonstrates how far Conservative attitudes to economic policy have moved from Buissonism or Macmillanism."

What you get is an attempt to combine the free market ideas of the Institute for Economic Affairs with a permissive approach to social policy. That is liberal conservatism or the third strand.

The title is striking in itself. No-one is quite sure how it came about, Sir Geoffrey says that it is a throwback to the old Bow Group days when he, Mr Jenkin and others set out to liberalise the party. But the Editor's preface contains the words: "British economic policy in the years ahead is likely to be conducted by two liberal coalitions," meaning the Tories and the Social Democrats. Sir Geoffrey's essay, it says,

sions made in the past.

Sir Geoffrey writes: "The rise in public spending as a share of our national income is in some measure long-run phenomenon, and not one unique to Britain. But it is the post-war growth of spending in the 1950s and 1960s with whose momentum we now principally contend."

The problem, of course, became more acute with the slowing down of economic growth in the 1970s. As this week's *White Paper* reminds us, even under the present Government, despite all efforts to curb public spending, it rose from 40.5 per cent of GDP in 1979-80 to 44.5 per cent in 1981-82.

There are also pressures which mean that the demands on public expenditure will go on increasing: for example, demographic change or what one writer calls "the greying of the population." There will be more old people to be looked after.

I do not think that anyone would seriously deny that Sir Geoffrey is talking about fundamental issues for the political future or that the problems will become even more acute if there is no resumption of economic growth.

Yet by exposing the problems, the Chancellor has raised a dilemma for the Tory Party. How far should it go in attempting to outline the answers in the election Manifesto?

Sir Geoffrey himself is tantalisingly vague. He is in favour of more deregulation, more privatisation, more private health insurance. He flirts with the idea of a voucher system for education and of student loans rather than student grants. It is also quite clear that he is again beginning to pin some hopes on a modest but sustainable economic recovery—though the principal fear here is that the American budget deficit will lead to another rise in interest rates.

Yet once the genie is at least half out of the bottle, how do you keep it there? The Government has already chosen to shelve a report of the Central Policy Review Staff which discussed many of the above issues because it was judged to be too controversial. "The Health Service is safe with us," Mrs Thatcher said, and indeed spending on the NHS has increased under this Govern-

ment. But there is a credibility problem. Whom does one believe—the Conservatives who say reassuringly that nothing much will change, or those who warn that there will be terrible trouble ahead if change is not radical?

The Conservatives could also be immensely vulnerable in an election campaign. Do they promise to abolish the Health Service, dismantle the welfare state, introduce vouchers for education or not? None of those questions are entirely easy to duck. Yet a straight answer could turn out to be embarrassing, either way.

There is another point, raised by Professor Michael Beenstock, an economist at the City University, in one of the responses. "Liberal Conservatives," he writes, "have highly developed and constructive views on the alleviation of poverty. They also have highly developed views on economic growth and efficiency as well as the freedom of the individual. By focusing attention on the alleviation of poverty through liberal conservatism, the chances of dispelling habitual modes of feeling would be considerably enhanced. By focusing instead on efficiency and liberty the natural concern is: efficiency for whom, liberty for whom?"

New subjects to the mainstream of political debate

They have to show how liberal Conservatism and compassion are complementary rather than contradictory. One could hardly improve on the comment, and the Chancellor acknowledges its force in his rejoinder.

It is possible that Sir Geoffrey is being remarkably astute in believing that he can open up new subjects to the mainstream of political debate and that gradually the electorate will become educated to accept them. That would be typical of the man and his methodical approach to politics. But my own view is that having gone this far, he ought to go further and spell out his ideas in more detail. The next Conservative Manifesto could be a document of quite extraordinary interest. "Published by Basil Blackwell in association with the Institute of Economic Affairs."

Lombard
Protection from
Chicago

By Nicholas Colchester

INFORMATION that is widely and rapidly available, ease of entry into markets with many participants and of great liquidity—one would hope and imagine that these were the ingredients needed to produce perfect and rational prices for any commodity or currency.

Yet the facts suggest otherwise. The major disappointment of the ten-year experiment with floating currencies is that exchange rates have proved so volatile and have so seldom seemed able to settle at reasonable levels. Commodity prices, too, have become more mobile and more illogical. My colleague John Edwards described on Wednesday how the point-and-figure men, wired up to computer models, have recently pushed copper prices up in the face of stocks in the London Metal Exchange warehouses that are at a four-year high—and still climbing.

These phenomena seem to reinforce my long-standing hunch that the perfection of modern markets is an important cause of their instability. Today's instant-information, instant-transaction markets behave like mechanical systems devoid of friction or of damping. In each market large weights (speculative capital) are linked by weak springs (the fundamentals of supply and demand) and the whole shuddering blamance is subjected to the impact of unfolding events. Ideally such a market should glide smoothly between positions of perfect equilibrium for each new situation; in practice it wobbles hopelessly beyond and around them.

The rapid rise of the commodity and financial futures markets is the latest development in this process of theoretical improvement and practical discomfort. Leverage, or gearing, is a key characteristic of these markets. The hedger or speculator has to put up less than ten per cent of the value of the commodity from whose price movements he is seeking protection or profit. This appealing feature attracts the kinds of participant to the market giving it added liquidity and depth. It is also thought to attract the outside investor who, because he is not party

to the accepted wisdom of the trade, adds a diversity of view. So gearing, via liquidity and diversity, should stabilise the market. Yet in practice these benefits are outweighed by the way that speculative capital is given still more influence over the market's prices relative to the underlying flows of supply and demand.

Take the gold market. Even without a futures market the price of gold is dominated by movements of capital rather than by physical supply and demand—it is that sort of commodity. Yet gold market experts say unequivocally that the rise of the futures market has increased the influence of speculative capital and increased the volatility in the price. The extent of the rise in the gold price from \$300 (£187) an ounce in June to almost \$500 in September is said to have been due to covering of short positions by Middle Eastern investors in the gold futures market.

Futures markets and spot markets remain closely tied because there is a continuous possibility of arbitrage between buying a commodity for delivery at a future date and buying it today and holding it till that date. So the capital attracted by the leverage of the futures market increases the volatility of the underlying spot market. This is, on the face of it, a disappointing result for those who imagined that futures trading would somehow "improve" a market by giving risks to those who want them and by taking risk away from those who do not.

The paradox is that futures markets have indeed made markets safer for the individual, but stormier and less predictable as a whole. By mobilising speculative capital they have made it easier for the user or producer of a commodity to hedge, but they have also made it more necessary for him to hedge. Futures trading is a contribution to the manic modern market that comes fitfully from Chicago: protection to the ready available to the innocent for a small fee, and life will prove extra uncomfortable without it.

Letters to the Editor

Lack of Government support for Airbus A-320

From the General Secretary, Technical, Administrative and Secretariat, Section, Amalgamated Union of Engineering Workers.

Sir,—Despite the steep decline in civil aircraft sales, Airbus Industrie, the European consortium in which Britain has a 20 per cent stake, has proved an outstanding success. The French Government has been the linchpin of the partnership, supporting the existing Airbus models and the projected Airbus A-320 to the hilt, and encouraging the French national carrier, Air France, to order the new aircraft. The British Government on the other hand has done little to support the project.

Is it any wonder that the

annoyance of General Mitterrand, Accurate chairman with the West German and British backers (January 28) is shared by most British Aerospace workers? Representatives from AUGW/FASS have seen Norman Lamont twice, the last time on January 19, imploring the Government to support the A-320. Because British Aerospace cannot guarantee a percentage return within a finite period—and it would be impossible to do so in the present climate—the Government refuses to back the project.

Aircraft development is risky—a "sporty" business as some insiders call it. The Government is wrong to expect British Aerospace to take all the risks. The French have now overtaken

Britain and are now the European leaders in aerospace. This is because the French Government has nurtured its industry by planning and investing in a courageous and imaginative way towards the construction of a national strategy. Japan does the same with most of its industries, and has now entered the aerospace race.

If the Government thinks a stake in an independent civil aerospace programme is worth keeping, it will have to do a lot more than it is now. It could start by responding to the criticisms of Jacques Mitterrand and pleas of British Aerospace workers.

Ken Gill, Onslow Hall, Little Green, Richmond, Surrey.

The costs of going to an inquiry

From the Director, Town and Country Planning Association.

Sir,—In your report (January 24) on the Sizewell B inquiry, your correspondent noted that the Town and Country Planning Association (TCPA) and other main objectors such as the Council for the Preservation of Rural England and Friends of the Earth have made only brief appearances at the inquiry since it opened. It was suggested that this was because most objectors have decided not to spend the first two months of the inquiry listening to the witnesses of the Central Electricity Generating Board and other supporting bodies reading out their evidence.

Unfortunately, this explanation is only partly true. It fails to recognise the very real difficulties facing a charitable body such as the TCPA in taking part in an inquiry likely to run for 6 to 9 months, or possibly longer. The Secretary of State for Energy has refused to provide any financial assistance to objectors, although it is understood that the CEGB was willing to make funds available for this purpose. As a result the TCPA, which has only £3,500 to cover all its inquiry costs, is unable to employ counsel for even a limited period of time. Its case is being presented by its vice-chairman, who is a full-time local government officer, and can therefore only attend on an occasional basis.

Indeed, as things stand the TCPA will be unable to meet the travelling, accommodation and other expenses of its technical witnesses, several of whom live and work in the U.S. or in other European countries. It is difficult to see how, in these circumstances, the inquiry can be full, fair and thorough.

The situation has recently become still more difficult because, as you reported on January 20, the Secretary of State for Energy has declared that there is an overwhelming case for Britain to go ahead with a nuclear power station programme irrespective of the outcome of the Sizewell inquiry.

Since it seems that the Government has already made up its mind, many people are understandably coming to the conclusion that there is little point in providing technical or financial assistance to objectors. Surely there must be a better way than this of determining a major issue with such far-reaching economic and safety implications? David Hall, 17 Carlton House Terrace, SW1.

Takeover Panel's bid ruling

From Mr R. Instone.

Sir,—As a trustee-shareholder in UDS Group I am unimpressed by the Bassishaw offer. But I am appalled by the Takeover Panel's ruling, reported by you on January 26, that the provision entitling Bassishaw to vote any associated shares is "inconsistent with Rule 8 of the City Code."

That rule provides, so far as material, that all conditions to which an offer is subject must be stated in the formal announcement of a firm intention to make an offer. Is it now the Panel's view that all the "additional terms and conditions" normally contained in an appendix to an offer, or annexed in the form of acceptance, must be included in the announcement?

And what is the Panel to be understood as meaning by a "condition to which an offer is subject"? The offending provision is a paragraph in the form of acceptance operating as the appointment of a Bassishaw nominee as proxy at certain UDS meetings which might be held before the offer becomes unconditional.

Such a provision may be in principle undesirable (there are obviously arguments both ways), but it cannot properly be described as a condition to which the offer is subject. If it is a condition at all, it is one to which an acceptance is subject. Since self-regulation appears to mean the use of the rule in Humpty-Dumpty's case just what I think it means just what it means, is there not

something to be said for the rule of law? Plainly justice may be good enough for primitive societies, but the City deserves something better.

Ralph Instone, 7 New Square, Lincoln Inn, WC2.

Why ratepayers are upset

From Mr K. Holland.

Sir,—I would like to take issue with Mr Eastel of Harlow Council (January 21). I am currently enquiring into the published annual accounts of Strathelyde Region and Argyll and Bute District. I am bound to say that my impressions so far—in addition to studying the annual accounts I have made some sub-offices of both councils—are that, far from removing entirely the control by central government, what is urgently required is a much more positive and direct control: more positive in fact than the present control over rate support grants.

Staffing strengths, salary and additions thereto (such as non-contributory life assurance, favourable travel and subsistence) scales of costs of accommodation and office facilities, all paint a picture of extravagant spending virtually uncontrolled by elected councillors. In spite, it seems, of the efforts of the more enlightened councillors and paid executives the rates burden increases yearly by far more than the going rate of inflation. Percentage increases in expenditure in almost all departments over the years examined are nowhere near to being within the very sensible guidelines set by central government. These

vast and sprawling authorities have virtual autonomy in these vital expenditure areas and their ideas of what constitutes economic planning appear to stem from the pre-off-rise days of 1974 when the two-tier system was set up.

I have obtained details of staffing and salary structures at both the private sector and in the two main state revenue departments, Customs and Excise and the Inland Revenue. The picture emerging shows that local authority executives have more generous salary, perquisite scales, coupled with security of tenure and pension (index-linked), than is the norm either in private or in central government employment.

I suggest that demands for the complete removal of central controls are really prompted by fears that the "gray train" may be slowed down permanently if the very cogent proposals for continued and extended controls are imposed.

It goes without saying that no reasonable ratepayer cavils at due provision for the aged, the deprived young, the handicapped, the sick, the poverty-stricken. Nor does he/she cavil at proper provision of police and fire services, or of suitable education services. What does upset ratepayers is the obvious heavy spending on excessive numbers of local authority staff, of unduly generous salary etc scales, on excessive numbers of transport vehicles of all types—the visible evidence of the overspending is all around us. K. H. Holland, Sea Whims, Fort Argyll Road, Trench Point, Campbeltown, Argyll.

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FINANCIAL TIMES

Friday February 4 1983

BELL'S
SCOTCH WHISKY
BELL'S

Richard Lambert explains why the smart money on Wall Street is betting on Pan Am's recovery

Pan Am defies financial gravity

PAN AMERICAN World Airways has reached the bottom of the barrel in financial terms, but has scraped together enough cash to enable it to fly through the recession.

That, at least, is the picture given in a recently published preliminary prospectus relating to an offering by Pan Am of convertible secured trust notes.

The numbers look terrible. After taking into account final-quarter provisions of \$43m against severance costs and \$35m against aircraft sales, the company yesterday reported a net loss for the year of \$485m, following a fourth-quarter loss of \$272.5m.

Last November, Pan Am's total long-term liabilities stood at nearly \$1.5bn, compared with shareholders' funds of \$432m.

The airline has had no bank credit facilities for more than a year, and meets its cash needs by managing its working capital accounts.

At the end of the third quarter working capital was in the red by \$138m. The figure would have been more but for a new treatment of accrued pension expenses.

As a result Pan Am is scrambling to sell some assets - aircraft, spare engines, real estate, excess gates at Houston Airport, and anything else it can lay its hands on.

Its cash problems, however, have been significantly eased by two recent events. First was the deferral over eight years of about \$120m of lease and debt service obligations. Then came a plan, which is still being negotiated, to sell the airline's leasehold interest in its passenger terminal facility at New York's Kennedy Airport. Combined with the proceeds of the planned note offering, all this should provide about \$285m of additional working capital.

Pan Am believes this would give it enough leeway to incur an operating loss in 1983 of at least \$175m -

equal to a pre-tax loss of more than \$300m - and still be in a position to meet its minimum cash needs.

The airline "does not now anticipate an operating loss in 1983 approaching \$175m," according to its prospectus. "But it admits that its business is volatile. A change of one percentage point in its scheduled passenger seat factor would make a difference of \$43m to its operating results. A shift of just one tenth of a percentage point in the yield per revenue passenger mile translates into around \$25m - or off - the operating results. And a 10 per cent change in the dollar-exchange rate adds up to about \$14m in the same terms."

So Pan Am is looking for more financial room in which to manoeuvre. As a result of workforce cuts and improvements in work rules which were negotiated at the end of last year, it hopes to reduce its spending this year by about \$110m. It is also seeking approval to de-

fer about \$75m in pension plan contributions which are due in 1983.

Pan Am's management was planning a very different future a year ago. Helped by concessions from its workforce, it planned to expand its way out of trouble by increasing the number of its flights without adding much to its labour costs. But the extra traffic failed to materialise, and Pan Am has been contracting its flight schedules since the autumn.

Part of the trouble was the recession, which was much deeper than almost anyone had feared. But Pan Am had problems of its own. It made the mistake of annoying the travel agents - who are the key to an airline's prosperity - by cutting their traditional bonus arrangements.

This move has recently been reversed, but there has also been a change in the perceived lack of confidence on the part of certain travel agents in Pan Am's financial viability.

As a result of recent cuts the airline is planning to offer about 3 per cent fewer passenger seats miles this year than in 1982. It is also planning big cuts on its cargo side, which it says could reduce freight revenues by 35 per cent in 1983.

The hope is that in its shrunken-down form Pan Am will be carried up and away by the economic recovery which, at last, seems to be appearing over the horizon.

A great deal depends on the confidence of the public in the airline's financial viability. Perhaps the most encouraging recent development is the way that Wall Street is reacting to this prospectus. Since Monday night, the badly battered share price has jumped nearly 50 per cent in very heavy trading, which suggests the smart money is betting that Pan Am is going to pull through.

THE LEX COLUMN

Thyssen forges U.S. losses

A string of West German companies has come to grief in the U.S. but few with such spectacular effect as Thyssen. Budd, the steel and plastic products group, has been a consistent drain on Thyssen's resources since it was bought in 1978. In the year to September, Budd contributed a loss of about DM 350m, countering the recovery of Thyssen's steel and capital goods divisions and leaving the group as a whole with a roughly maintained net loss of DM 66m.

By the international standards of the steel industry, that may look like a drop in the ocean. Thyssen, after all, was sporting total capital employed of some DM 18bn in its last balance sheet. But the noises emanating from the Ruhr this week were distinctly gloomy and even a partial recovery at Budd, resulting from management changes, rationalisation and a more favourable currency parity, may not prevent group losses from slipping into three figures in the current year.

The surgery at Budd could prove costly in cash terms and Thyssen is unlikely to escape financially unscathed from the proposed merger of its basic steel interests with those of Krupp, even allowing for a large measure of help from the Federal Government. Capital spending, meanwhile, is still running at about DM 1bn per year.

Despite the gloomy cash flow position and an already stretched balance sheet, Thyssen is paying a maintained dividend of DM 2 per share. It may be trying to keep alive the prospect of a rights issue, although last night's price of DM 68.50 is a long way adrift of the DM

90 level at which the group is understood to be aiming.

CSI

The Council for the Securities Industry is by no means the best-loved body in the City, and its undistinguished handling of several issues, ranging from dawn raids to Professor Jim Gower's interim report, has left several City interest groups, led by the issuing houses, pressing for changes.

Institutional dissatisfaction has been reflected in what amounts to a partial takeover of the CSI by its more market-sensitive brother, the Takeover Panel. Mr John Huggatt, the present director general of the panel, is to take over a newly-created position at the CSI, putting him in executive command of both organisations.

The appointment of a chief executive to the CSI, a long-standing recommendation of the Wilson Committee, is likely to presage more sweeping changes in the relationship between the two bodies. A full merger looks the most sensible outcome, although it will undoubtedly take a while to work out satisfactory terms.

Markets

London equities were breaking records in all directions yesterday, as the FT All-share Index rose through 400 for the first time, and the Industrial Ordinary Index romped away from its previous high of 637.4 to reach 646.8. The market has been running since the beginning of the year on heavy turnover averaging more than £200m a day, but this week it has been running at closer to £300m.

Equities have presumably been soaking up much of the dividend in-

come generated by the gilt-edged market at this time of year. The Government Broker has been sitting on the sidelines and institutions have been reluctant to commit new funds to fixed-interest at a time when confusion seems to reign in the U.S. debt markets. And the flight into overseas securities, which characterised the early weeks of this year, may now have slowed.

Anderson Strathclyde

Anderson Strathclyde seems almost certain to have 51 per cent of National Mining Supplies of the U.S. in its hands by this morning. But this spoiling move in its defence against the Charter Consolidated bid lost most of its impact against the body blow delivered by the UK courts. The judges' decision to support the Trade Minister's ruling allowing the bid to go ahead was immediately reflected in a 13p rise in the Anderson share price as the market saw the prospect of the takeover coming off again.

Even so, Anderson shows no sign of throwing in the towel. There is a strong possibility that it will now appeal, a move that could well drag proceedings into next month. By that time, the group would be coming to a year-end which gives every indication of producing record results. The City is expecting pre-tax profits in the region of £13m, which would imply a significant increase over Charter's sighting shot of 1982. Even at an offer price of 200p, Anderson would be on an exit multiple of only a little more than 15 - not unduly high for a company that has produced steadily rising profits for the last five years, while moving to a net cash position.

Thorn may make TVs in Britain for JVC

By Guy de Jonquieres in London

THORN EMI, the UK electrical group, is close to an agreement to make colour televisions to be distributed in Britain by Victor Company of Japan (JVC), one of the leading Japanese consumer electronics manufacturers.

JVC is the only large Japanese consumer electronics company not to have a UK production facility. Other Japanese companies with plants in Britain are Sony, Matsushita, Mitsubishi, Sanyo, Toshiba and Hitachi, which has a joint venture with the General Electric Company (GEC).

Thorn EMI is due to start supplying JVC this summer with five models, with screen sizes ranging from 20in to 26in. The sets will be based on the TX chassis developed by Thorn EMI.

The size of initial deliveries has not been disclosed but is expected to amount to about 45,000 sets annually. JVC, which will sell the sets through its distribution channels, said that it hoped to gain 6 to 11 per cent of Britain's colour television market, which totalled 2.8m sets last year.

JVC plans to continue importing from Japan colour televisions and monitors with screen sizes up to 20in. Its annual imports total about 10,000 sets, the maximum allowed by the voluntary restraint agreement between the British and Japanese industries.

Thorn EMI imports video tape recorders (VTRs) made by JVC and last autumn began assembling the machines in Britain from kits.

German-U.S. joint venture in electronics

By Paul Betts in New York

UNITED Technologies, the large U.S. conglomerate, AEG-Telefunken, the West German electrical company, and the Diehl group, the German industrial and commercial products maker, agreed yesterday to concentrate their activities in the development, production and marketing of custom MOS circuits in a newly-formed joint venture company called Eurosil Electronic GmbH.

The partners in Eurosil Electronic are Telefunken Electronic - a joint venture between AEG and United Technologies - and AEG-Telefunken and Diehl. Under the agreement in principle Eurosil Electronic is to take over the present activities and assets of Diehl's Eurosil GmbH. Diehl will acquire a minority interest in Eurosil Electronic.

Diehl's Eurosil, which was established in 1972, supplies integrated circuits for the watch, clock, instrument and telecommunications industry.

UK unemployment increases by 128,000 during January

BY MAX WILKINSON AND JEREMY STONE IN LONDON

UNEMPLOYMENT in the UK jumped sharply in January to 3.25m, including school leavers, and the underlying rate of increase showed no sign of moderating.

The latest figures issued by the Department of Employment yesterday, showing an overall increase of 128,000, were described as "a great disappointment" by the Prime Minister in the Commons, and Mr Michael Foot, the Labour leader, said they were "hideous and terrible."

After adjusting for the usual seasonal increase in January and excluding school leavers, the total out of work went up by 35,000 to 2.98m representing 12.3 per cent of the workforce, a new post-war record.

This was the thirty-seventh successive month in which the underlying level of unemployment has increased. The last fall was in October 1979.

Yesterday's figures were matched by equally grim statistics from West Germany, Norway and Belgium. In Germany, the January unemployment total rose more sharply than expected to 2.5m or 10.2 per cent of the workforce, compared with 9.1 per cent in December.

The underlying figure for UK unemployment has been rising at an average monthly rate of about 30,000 a month for the past nine



Mrs Thatcher: figures 'great disappointment'

months. However, in the last two months there seems to have been a marked increase, dispelling hopes fostered at the end of 1982, that the trend might be flattening out.

Most independent forecasters are projecting continued rises in UK unemployment until the end of this year, and possibly for several more years. A rather weak recovery in output, generally expected to rise by only 2 or 3 per cent a year, would not be enough to compensate for the growing population and improvements in productivity. Even

the Treasury has tacitly accepted this with its "conventional assumption" in the recent spending White Paper that unemployment will rise by 280,000 in the next financial year.

The Confederation of Business Institute's most recent Industrial Trends Survey suggested that another 90,000 jobs could be lost from manufacturing in the next three or four months.

Prime Minister Mrs Thatcher repeated her view in the Commons that the only way to boost jobs was to pursue sound financial policies, to keep interest rates down, and to provide incentives for industry. She said "reticence, rows or strikes" would be no help.

Mr Eric Varley, Labour's employment spokesman, attacked the Government for planning further rises in unemployment, a claim that was later described by Mr Norman Tebbit as "quite ridiculous."

The only glimmer of hope gained from yesterday's figures was that the trend of vacancies reported to Jobcentres continued to rise slightly, with an average monthly increase for the last three months of 2,700 and an underlying level of 118,000.

TUC expansion package, Page 7

Barclays sees \$36m first-half U.S. loss

By Alan Friedman in London

BARCLAYS BANK, Britain's largest in terms of assets, is expected to see its U.S. operations register a continuing loss for the second half of 1982 after a £23.5m (\$36m) pre-tax loss in the first half of last year, which represented £48m (\$75m) in the second half of 1981.

The losses in the first half of last year, which represented £48m (\$75m) in the second half of 1981, were related to provisions for three large U.S. clients, understood to have been in the energy sector.

Barclays' U.S. bank operation is understood to have suffered continuing energy loan problems during the second half of 1982, although it is unlikely that the second-half loss will be as high as £23.5m.

The problems of the bank in the U.S., where it has assets of more than \$10bn and operations in 35 states, are expected to show up in the accounts for Barclays Bank International (BBI), the group's overseas arm.

Although the U.S. losses will not be revealed until next month, when the group publishes its results, it is understood that senior Barclays executives in the U.S. are reviewing the bank's operations there in an effort to reduce staff costs. They are considering putting brakes on the bank's growth there.

Mr Brian Pearce, the senior Barclays executive in the U.S., spoke yesterday of "looking much more clinically at the whole profitability of our operation." He also raised the possibility of "amalgamating" some of Barclays' U.S. Operations, such as securities trading and foreign exchange.

Mr Pearce maintained, however, that Barclays' losses in North America had "bottomed out" and said the U.S. business could be returned to the black.

Barclays Bank as a whole showed a pre-tax profit of \$236.5m for the first half of last year, down 16 per cent against the same period a year before. The group's last full year pre-tax profit (for 1981) was \$367m (against £324m a year before).

Fraser calls snap election in Australia

Continued from Page 1

difficulties," said Mr Fraser, adding that he wanted the pause extended from six to 12 months.

The Government's term of office could have run until the end of the year, but Mr Fraser moved swiftly to capitalise on renewed arguing over the ALP leadership.

Mr Hayden has been eclipsed by Mr Fraser in recent skirmishing, and yesterday Mr Hawke moved to seize power. He said it was "not a hatchet job."

Mr Hawke said voters would be "facing an election which had been postponed on them by the most divisive Prime Minister in the history of this country."

Union opposition to the wages pause was spearheaded by the oil unions, though the ACTU claimed the Government had pressed companies into inflating the dispute into an election issue. As Australia's second longest serving Prime Minister after Sir Robert Menzies, Mr Fraser will stand on his record.

In contrast, the ALP is in disarray. Its prices and incomes agreement with the ACTU is not due to be finalised for about two weeks, it recently revamped its front bench, and it is bound to suffer a backlash from the anti-wage pause campaign.

Vogel call for EEC reforms

By Giles Merritt in Brussels

IN HIS FIRST major statement on EEC policy issues, Dr Hans-Jochen Vogel, the West German SPD leader, who is contesting the Federal Chancellery in the country's March 6 elections, yesterday called for major reforms to the Common Agricultural Policy and for a fresh approach to unemployment measures.

He also introduced a strong whiff of Germany's electoral battle to Brussels when he used the hustings of the European Parliament offices to launch a demand that, whatever the cutbacks in EEC steelmaking prove to be, the West German steel industry should be guaranteed a full one-third share of all EEC steel output. He warned that if his social democratic party comes to office, he would insist on that as a minimum.

On the future of the CAP, Dr Vogel urged that limits should be placed on the present price guarantee system, and that instead direct income support for EEC small farmers should be introduced.

Dr Vogel's position on the employment crisis is that EEC member states should agree a concerted strategy of job creation and work-sharing measures. He emphasised that EEC action to combat rising unemployment should provide the nucleus for an industrialised nations' pact on jobs.

German unemployed at post-war record

Continued from Page 1

force and 60 per cent higher than a year ago, writes Fay Gjester in Oslo.

Initially, the rise was mainly the result of lay-offs and short-time working in export industries vulnerable to the world recession, such as metals and shipbuilding.

The effect of the recession is now spreading to all sectors of the Norwegian economy. Business is generally nervous about the future, anxious to keep down costs and unwilling to start new projects.

Mr Arne Rettedal, Minister of Labour, last week announced an eight-point plan to create 40,000 jobs, mainly by giving local authorities emergency funds to spend on public works.

Meanwhile, labour exchanges in some of the worst-hit districts are having to close two days a week to give staff a chance to process the flood of claims for unemployment benefits.

Belgian unemployment at the end of January reached a record 11.9 per cent, up from 11.6 per cent in December, AP-DJ reports from Brussels. The number of jobless soared to 497,000 from 384,000. Comparable figures for January 1982 were 430,000 unemployed, or 10 per cent of the workforce.

It was the sixth consecutive bimonthly jobless record, and officials said they feared the trend would continue for the rest of the year, and possibly for several years.

Oil price cuts backdated

Continued from Page 1

present crisis. He said Opec ministers would have to agree on a package of measures, including prices, differentials and production quotas. Venezuela has invited Opec ministers to Caracas next week for the inauguration of a refinery extension, and the secretary general said he would be pleased if this meeting was turned into an extraordinary conference. It remains doubtful that enough ministers will be in Caracas for such a meeting.

Walter Ellis in Amsterdam adds: Concern is being expressed among traders on the Rotterdam oil spot market about the possible effects of the Kuwaiti takeover of Gulf Oil's assets in the Netherlands, Belgium and Luxembourg.

Some fear that Kuwait may be followed on to the European scene by other Arab producer nations, thus creating the potential for a disruption of the existing market.

World Weather

Area	S	C	F	Area	S	C	F
Algeria	13	52	115	Malaga	15	59	138
Algeria	16	61	140	Madrid	14	57	134
Algeria	15	58	136	Madrid	14	57	134
Algeria	14	55	131	Madrid	14	57	134
Algeria	13	52	115	Madrid	14	57	134
Algeria	12	50	112	Madrid	14	57	134
Algeria	11	47	107	Madrid	14	57	134
Algeria	10	44	103	Madrid	14	57	134
Algeria	9	41	99	Madrid	14	57	134
Algeria	8	38	95	Madrid	14	57	134
Algeria	7	35	91	Madrid	14	57	134
Algeria	6	32	87	Madrid	14	57	134
Algeria	5	29	83	Madrid	14	57	134
Algeria	4	26	79	Madrid	14	57	134
Algeria	3	23	75	Madrid	14	57	134
Algeria	2	20	71	Madrid	14	57	134
Algeria	1	17	67	Madrid	14	57	134
Algeria	0	14	63	Madrid	14	57	134
Algeria	-1	11	59	Madrid	14	57	134
Algeria	-2	8	55	Madrid	14	57	134
Algeria	-3	5	51	Madrid	14	57	134
Algeria	-4	2	47	Madrid	14	57	134
Algeria	-5	-1	43	Madrid	14	57	134
Algeria	-6	-4	39	Madrid	14	57	134
Algeria	-7	-7	35	Madrid	14	57	134
Algeria	-8	-10	31	Madrid	14	57	134
Algeria	-9	-13	27	Madrid	14	57	134
Algeria	-10	-16	23	Madrid	14	57	134
Algeria	-11	-19	19	Madrid	14	57	134
Algeria	-12	-22	15	Madrid	14	57	134
Algeria	-13	-25	11	Madrid	14	57	134
Algeria	-14	-28	7	Madrid	14	57	134
Algeria	-15	-31	3	Madrid	14	57	134
Algeria	-16	-34	-1	Madrid	14	57	134
Algeria	-17	-37	-5	Madrid	14	57	134
Algeria	-18	-40	-9	Madrid	14	57	134
Algeria	-19	-43	-13	Madrid	14	57	134
Algeria	-20	-46	-17	Madrid	14	57	134
Algeria	-21	-49	-21	Madrid	14	57	134
Algeria	-22	-52	-25	Madrid	14	57	134
Algeria	-23	-55	-29	Madrid	14	57	134
Algeria	-24	-58	-33	Madrid	14	57	134
Algeria	-25	-61	-37	Madrid	14	57	134
Algeria	-26	-64	-41	Madrid	14	57	134
Algeria	-27	-67	-45	Madrid	14	57	134
Algeria	-28	-70	-49	Madrid	14	57	134
Algeria	-29	-73	-53	Madrid	14	57	134
Algeria	-30	-76	-57	Madrid	14	57	134

Snow Report

EUROPE			
Andermatt (Sw)	80-270 cm	Snowy	Good
Arosa (Sw)	120-180 cm	Good	Good
Avoriaz (Fr)	95-210 cm	Excellent	Excellent
Carvin (Fr)	70-200 cm	Typical	Typical
Crans (Sw)	50-100 cm	Good	Good
Davos (Sw)	120-200 cm	Good	Good
Isch'g' (Aus)	90-200 cm	New	New
Seefeld (Aus)	80-80 cm	New	New
Silvsa (It)	30-70 cm	Worn	Worn
Wengen (Sw)	50-150 cm	New	New
European reports from Ski Club of Great Britain			
THE U.S.			
Aspen (Col.)	17-32 ins	Now	Now
Hunter (N.Y.)	14-64 ins	All left	All left
Park City (Ut.)	0-84 ins	All left	All left
Sugarbush (Vt.)	8-22 ins	Worn	Worn
Figures indicate depths at Jan and by			

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SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Friday February 4 1983

THE STRUCTURAL GROUP
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Dow Chemical profits slip 30% to \$399m for last year

BY PAUL BETTS IN NEW YORK

DOW CHEMICAL, the second largest U.S. chemicals company after Du Pont, reported yesterday a 30% operating loss in its latest quarter and a 30 per cent decline in net earnings last year to \$399m (\$2.07 a share) compared with a profit of \$564m (\$3) in 1981.

In the latest quarter, Dow made a \$102m provision against pre-tax earnings to cover the company's withdrawal from joint petrochemical ventures in Saudi Arabia and Yugoslavia, and other closures.

Mr Paul Orefice, Dow's president, said "considering the current oversupply of basic chemicals in the international market, additional capacity is unwarranted."

He said that in the fourth quarter, weak consumer demand and tight inventory control restricted Dow's operating rate to 63 per cent of capacity.

He reaffirmed Dow's current strategy, involving an increasing shift towards downstream specialty products and services from con-

tinued expansion with major petrochemical ventures.

In the fourth quarter of last year, Dow had net earnings of \$13m (7c) on sales of \$2.6bn, compared with earnings of \$67m (35c) on sales of \$3bn in the final period of 1981. Sales for 1982 as a whole declined to \$10.6bn, against \$11.9bn in 1981.

The operating loss of \$33m in the final quarter compared with operating earnings of \$79m in the last period of 1981. Dow's operating income last year amounted to \$356m, against \$816m the year before.

In the final quarter, Dow had a pre-tax loss of \$68m, compared with pre-tax profits of \$67m in the fourth quarter of 1981. After favourable tax adjustments of \$68m, the company reported a modest \$13m net profit for the final quarter of 1982.

Dow also realised in the final quarter pre-tax gains totalling \$66m from the sale of Bio-Science Enterprises (\$44m) Dow's Korean properties (\$7m) and Apache Petroleum Company depository units (\$15m).

Dow said significant fourth-quarter contributions to operating earnings were realised from the company's Styrofoam brand foam insulation, despite the slump in housing construction, and from the Dowell-Schlumberger Petroleum Service partnership between the chemical company and the large oil service concern.

Mr Orefice said if the U.S. dollar's weakening trend does hold, this could help the chemical industry this year.

● Texas Air Corporation, the airline holding company, incurred a marginally higher loss for 1982.

The group said its 1982 net loss of \$49m, or \$7.27 a share, on revenues of \$1.51bn, largely reflected restructuring at its airline subsidiaries. In 1981, it lost \$47.2m, or \$6.11 a share, after a consolidation of Continental Air Lines results on revenues of \$719.4m.

The fourth quarter loss was \$17.4m, or \$1.84, against \$25.7m, or \$1.84, against \$25.7m, or \$1.84, against \$25.7m, or \$1.84, on revenues of \$333.3m.

BONN MAINTAINS WATCH ON THOMSON-BRANDT MOTIVES

Grundig bid exposes labyrinth of interests

BY STEWART FLEMING IN FRANKFURT

TOP EXECUTIVES of four of western Europe's largest electrical concerns met earlier this week to discuss the future of the family-owned Grundig company. They met at the invitation of Dr Anton Jaumann, Economics Minister of the West German state of Bavaria.

Europe's consumer electronics industry has been in turmoil after the November 18 announcement that Thomson-Brandt, one of the participants at this week's meeting, had reached agreement with Dr Max Grundig, 74, Grundig's owner and founder, to buy 75.5 per cent of the West German company's shares.

Dr Jaumann's initiative shows that the politicians are also worried over whether the nationalised French concern should be permitted to reshape the structure of the consumer electronics market through such a coup.

West Germany's two largest electronics companies, Siemens and Robert Bosch, along with Philips, the Dutch electrical giant, are anxious to join the talks about Grundig. This indicates how closely Thomson's plans touch their vital interests.

These interests are highly complex. Siemens and Philips are both competitors (directly or indirectly) of Grundig and also major suppliers of vital components such as integrated circuits and television tubes.

Philips occupies an even more sensitive position, since Grundig is

its partner in the fast-growing consumer electronics market, the video tape recorder sector.

The two companies jointly developed the only non-Japanese video recorder system, the Video 2000.

Philips's chances of pushing through a new 8mm world standard for video recorders, to replace the three current standards - a move which would give it a fresh start in competition with the dominant Japanese manufacturers - are likely to be heavily influenced by who ends up as Grundig's owner. Philips secured its relationship with Grundig by buying 24.5 per cent of its shares.

It therefore has a shareholder's voice in determining the company's future.

Bosch, which is thought to command some 10 per cent of the West German colour television market through its Blaupunkt subsidiary (in which Siemens has a blocking minority stake of 25 per cent) is no less concerned at the prospect that Thomson-Brandt could end up with close to 40 per cent of West Germany's colour television market if it takes control of Grundig.

The labyrinth of corporate interests bound up in Grundig's future does not end here. West Germany's powerful banks are also deeply involved, not just as lenders to Grundig, but also as lenders to AEG-Telefunken, a company which has already cost them more than DM

2bn of loan losses as a result of its financial collapse last year and its need to seek protection from creditors.

Grundig was to have rescued, in partnership with the banks, AEG's Telefunken consumer electronics division, which also has 10 per cent of the West German colour TV market. But recently Grundig has been playing for more time to think about the Telefunken acquisitions - a pose which some in the industry see as being designed to put the maximum pressure on the West German Government and the Federal Cartel Office, not to block the Thomson-Brandt bid.

For the corporate vultures circling around Grundig, there is more at stake than just the company's juicy 25 per cent stake of the West German colour television market and its strong position in video recorders.

"It is not just the fact that we are a supplier of more than DM 100m of electronic components to Grundig which explains our interest in the company's future," said a senior executive of Siemens, Grundig's powerful Bavarian neighbour.

The consumer electronics sector has been one of the driving forces in the rapid evolution of microelectronics technology. Companies such as Grundig have put pressure on us as components suppliers to keep abreast of the latest developments in semi-conductor technology, and that has been good for us."

Siemens would have more at stake than its present electronic components business if a French takeover were to lead Grundig slowly to switch its source of sophisticated hardware. The fact that products developed in the consumer sector may later also become key elements in Siemens' industrial products is a vital consideration, not only for Siemens and Philips but also for the West German Government.

Officials in Bonn are vitally interested in the outcome of Dr Grundig's decision to sell his company. In part, this interest reflects suspicion on some quarters of French motives and the gulf between France's socialist industrial policy and West Germany's broad commitment to free market economics.

It is hard for the Germans to accept that a French Government which has the avowed intention of bringing the economy under the control of a handful of nationalised French companies, including Thomson-Brandt, can at the same time adopt a benign pan-European posture outside its borders.

West German trade unions fear that when it came to "rationalising" the merged companies' consumer businesses, German workers would feel the pinch first. There are fears in Government circles that West German technological interests

may play a subordinate role to those of France if Grundig comes under Thomson-Brandt's control.

But the anxiety goes beyond this into the question of the correct response, in trade policy terms, to the Japanese threat in European markets. Here, too, the French position on protectionism conflicts with the West German position. One official in Bonn argues that the moment a nation selects one company as its banner carrier, as France has done in several industries, it is drifting into a protectionist frame of mind.

Dr Karlheinz Kaske, Siemens' chief executive argued earlier this week that European co-operation in consumer electronics to meet the Japanese challenge might avoid a further slide into protectionism.

A meeting of the sort which took place earlier this week between the cream of Europe's electronics industry would have sent U.S. anti-trust lawyers scurrying to the court's alleging conspiracy. The West German Cartel Office is known to be uneasy about the prospects of Thomson-Brandt ending up with a dominant share of the Federal Republic's colour television market. But is an ownership structure for Grundig bringing together Philips, Bosch, Siemens and Thomson-Brandt - the "European" or "German" solution now under discussion any more attractive on competition policy grounds?

Spain to waive deposit rules to facilitate rescue of Banco Urquijo

BY DAVID WHITE IN MADRID

THE SPANISH Government has agreed to waive compulsory deposit rules to facilitate the rescue of Banco Urquijo, the latest and biggest victim of the country's five-year-old banking crisis.

In a move described as "preventive medicine" for the industrial and merchant banking group - internationally one of the most respected names in Spanish finance - Banco Hispano-Americano is to put Pta 22.5bn (\$177m) into Banco Urquijo, after taking a majority shareholding.

Of this, Pta 10bn will come in the form of subscription to a capital increase, more than doubling Urquijo's present Pta 5.7bn equity. Banco Hispano-Americano, which ranks number three among the country's private commercial banks

and which has long-standing ties with Urquijo, is also to buy fixed assets for Pta 12.5bn.

The takeover plan, involving an exchange of two Hispano shares for three Urquijo shares, valued at 75 per cent of their nominal Pta 1,000, has received the go-ahead from Sr Miguel Boyer, the Economy and Finance minister.

Banco Urquijo's reserves, amounting to some Pta 16.7bn, are to be used to wipe out losses, and the bank is to suspend dividends for the next five years.

During this period, under the pact reached between Banco Hispano-Americano and Bank of Spain, it will be liberated from rules which oblige it to place 6.75 per cent of deposits in a non-interest bearing account at the central bank and 18 per

cent in low-income public sector investment instruments.

Banco Hispano-Americano will be granted exemption from part of its obligation to place funds in public sector bonds.

Banco Hispano-Americano holds more than 12 per cent of Banco Urquijo's shares and the two institutions share 10 board members, including Urquijo's current chairman, Sr Jaime Carvajal.

The share exchange offer is expected to be opened on Monday. Trading in Banco Urquijo's shares has been suspended since Tuesday.

Under the takeover plan, Banco Urquijo will be merged later this year with Bankunion, another industrial bank which Banco Hispano-Americano took over 10 months ago.

Budd's losses hit parent results

By James Buchan in Bonn

THYSSEN enjoyed a significant better year in the 12 months to last September, compared with 1980-81, but was seriously hampered by its chief U.S. subsidiary, the Budd Company automotive industry supplier, which it acquired in 1978.

Dr Dieter Spethmann, Thyssen chief executive, said that in addition to the DM 65m (\$25m) loss reported for Budd in 1981-82, the parent company had to provide financial aid of about \$100m and pay interest charges of a further DM 50m through Thyssen Holding Corporation, in the U.S. The group offered \$244.8m for Budd in January, 1978.

Budd, which reported losses of DM 6m in 1980-81, suffered because of the serious weakness of the U.S. car and truck market last year.

In its second major area of operations, railroad rolling-stock, low demand and a seven-month strike at a supplier company also led to serious problems.

Dr Spethmann said mistakes had been made in this division and the management was changed during the year.

Budd, which reduced its workforce by about 2,000 to 14,000 in the year 1981-82, is to close its stamping plant at Gary, Indiana, with a loss of 800 jobs, and two wheel manufacturing plants with a further loss of 450 jobs.

Dr Spethmann said there were signs of renewed demand for passenger cars in the U.S. but it was too early to say if the recovery would continue and rationalisation would go ahead at Budd. "We have no intention of operating against the general tendency of the U.S. economy," he said.

Thyssen to decide on fate of new offshoot

BY OUR BONN STAFF

A SHAREHOLDERS meeting of Thyssen will decide in April on the creation of an independent company, provisionally known as Thyssen Stahl, comprising the group's basic steel operations.

Dr Dieter Spethmann, chief executive, said the new, wholly-owned subsidiary would then be the subject of merger talks with Krupp Stahl for the creation of a Rhine-based steel group, as envisaged in the report of an independent commission of "moderators" last month.

Significantly, Thyssen is not intending to form a corporate arrangement, whereby it takes over losses from the Thyssen-Krupp

steel unit. In the new concern, Krupp will have a less than 50 per cent stake, because of its smaller steel production and asset base.

Talks between Krupp and Thyssen are further advanced on the creation of two new companies for special steels and open-die forged products. Both companies will be formed on the basis of parity and again there will no commitment for the parents to take over losses.

Dr Spethmann said that Thyssen would work for agreement of these three mergers, as soon as possible in the face of steel demand which was likely to remain weak, even after an economic upswing.

Dome to sell part of stake in pipeline

By Robert Gibbons in Montreal

DOMO PETROLEUM and its exploration subsidiary, Dome Canada, plan to sell 10.3m shares of TransCanada Pipeline Limited (TCP), through a secondary offering in Canada.

The total proceeds will be just over C\$250m (\$203m), based on the current price of TCP.

Dome Petroleum bought 48 per cent of TCP, which operates the cross-country gas transmission system, about three years ago when it was rapidly expanding.

Dome debts had soared to nearly \$7bn it sold half its interest to Dome Canada, a new subsidiary set up with 50 per cent Canadian ownership to take over the group's arctic exploration activities.

KLM reports \$19.5m loss

By Our Financial Staff

KLM, the Dutch national airline, suffered a loss of F1 \$3.4m (\$19.5m) for the third quarter of 1982, ended December 31, compared with a loss of F1 7.7m for the same period a year earlier. Sales, at F1 1.15bn, were almost unchanged.

The sharp downturn, the airline said, was caused by currency losses on assets and debts, and lower than anticipated traffic growth. This resulted in a drop in profit for the first nine months to F1 \$4.2m from F1 108m last year.

Profit setback for McDermott

By Our New York Staff

MCDERMOTT International, the large New Orleans-based energy services company, yesterday reported a small loss of \$239,000 in its latest three-month period, compared with earnings of \$48.5m in the same quarter last year.

For the nine months to December 31, net income declined to \$60.7m on sales of \$2.9bn, from earnings of \$138.5m on sales of \$3.5bn for the same nine-month period the year before.

West German trade union bank uses profits for improvement

BY OUR FRANKFURT STAFF

BANK für Gemeinwirtschaft, the trade union-owned institution which is West Germany's ninth largest commercial bank, has reported a dramatic improvement in its operating earnings in 1982.

But it will not be paying its trade union owners a dividend. Instead, it will put some DM 600m (\$240m) into loan loss reserves and write downs, and into strengthening its inner resources.

In a preliminary announcement, BfG said that interest earnings of

the West German parent bank more than doubled to DM 850m.

Operating earnings, including securities and foreign exchange profits and after deducting the costs of running the bank, were DM 450m.

In 1981, according to Herr Thomas Wegscheider, the chief executive, the bank suffered an operating loss of DM 130m.

In that year BfG admitted that it had misjudged interest rate trends and was forced to draw on hidden

reserves to avoid having to disclose an operating loss. This year the bank is not having to mobilise hidden reserves, Herr Wegscheider said.

In common with other West German banks, BfG has profited in both its lending and its securities business from falling interest rates. It also quickly disposed of its mismatched lending portfolio last year, taking a loss on sale of the loans, but allowing it to re-invest its funds at higher interest rates.

Great Lakes ahead on year

By Our Montreal Correspondent

GREAT LAKES Forest Products, the principle pulp and paper arm of Canadian Pacific, posted a fourth quarter loss, but came out with a small profit for the 1982 year.

Earnings for the full year were C\$18.5m (\$14.9m), or C\$3.80 a share against C\$18.1m or C\$3.69 a share earlier, on revenues of C\$438m, against C\$568m. About C\$15m of the 1982 earnings were the result of an accounting change.

Crown Zellerbach Canada reports a C\$23.3m loss for 1982, against a net income of C\$11.1m or C\$2.04 a share in 1981 on revenues of C\$654m against C\$653m.

Nabisco reports 20% increase in earnings

BY PAUL TAYLOR IN NEW YORK

NABISCO BRANDS, the New York-based food group which last year acquired Huntley and Palmer foods of the UK, yesterday reported higher fourth quarter and full year net income bolstered by divestitures. The group was formed in July, 1981, by the merger of Nabisco and Standard Brands.

The company, whose products include Shredded Wheat, Planters Peanuts and Walkers crisps, reported a 20.1 per cent increase in fourth-quarter net income to \$103.4m or \$1.34 a share, including a \$27.4m after-tax gain from the sale of Julius Wile Sons, the drinks company, J. B. Williams, Everlon

Fabrics and Hygiene Industries. In the same quarter in 1981, the company reported net income of \$96.1m or \$1.26 a share. Sales fell by 5.2 per cent to \$1.5bn reflecting the divestitures and the effect of the strong dollar.

Operating income for the fourth quarter declined by 10.4 per cent, mainly due to the loss of earnings from businesses which were sold, but operating income from continuing businesses, before corporate expenses, increased by 0.9 per cent. Sales from continuing businesses increased by 6.7 per cent.

Full year net profit was \$314.7m, or \$4.83m a share.

Continental Illinois trebles earnings

By Alan Friedman in London

CONTINENTAL ILLINOIS Limited, the London merchant banking arm of the Continental group, yesterday reported more than trebled after-tax profits for 1982, up from £1.3m in 1981 to £4.1m (\$6.2m).

Mr Al Page, chief executive of the London bank, said the major factors in the higher earnings were a healthy 1982 Eurobond trading business (which accounted for more than £1m of profits) and earnings from private interest rate swap transactions (totalling £650,000).

The latter are transactions in which the bank acted as an intermediary between two parties who swapped fixed-rate debt for floating rate liabilities.

The London bank subsidiary's balance sheet has gone from £232.5m in 1981 to £188.6m as at December 31. Mr Page said this was because the bank had reduced its loan book sharply, passing a significant part of its loan assets on to its parent. Loans and advances fell from £135.2m to £51.4m.

In another development, Mr Page said the London bank had reorganised its staff to form a new Capital Markets Group which will perform merchant banking, corporate finance, mergers and acquisition, and project finance business.

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Dunlop does well on Malaysian deal

THE ANNOUNCEMENT that Pegi of Malaysia and Dunlop Holdings of the UK are to share joint control in Dunlop Malaysian Industries (DMI) rather than Pegi buying the stake outright, adds yet another twist to what has become a long and tortuous saga.

In the process the love-hate relationship between Dunlop and Pegi has served to exacerbate both racial and political sensitivities in Malaysia and contribute to the strain in Anglo-Malaysia relations.

The latest deal is extremely advantageous to Dunlop. By exchanging its 51 per cent direct holding in DMI for an indirect 26.5 per cent stake, through a joint company called Dunlop Pegi SDN Berhad, the UK company gets a strong injection of cash, while retaining full control of DMI.

Dunlop will now also be able to bypass the Malaysian Government's new economic policy under which it would have had to reduce its stake in DMI to 30 per cent.

DMI is capitalised at 100m ringgit (\$44m) divided into 100m one-ringgit shares and has a current market value of some 400m ringgit. It makes tyres, sports and household goods, and earned an after-tax profit of 23.8m ringgit in the year ended December, 1981.

For Pegi, the latest deal frees it from seeking in loans the \$220m it would have needed to buy control of DMI, an expensive and difficult matter which shareholders were deeply concerned about.

It is not surprising that Pegi shares shot up by 13 cents to 2.95 ringgit following the announcement on Wednesday. However, the Malaysian financial community remains unimpressed by the deal.

"It gets Pegi nowhere," comments one merchant banker, who adds "I can't help feeling sorry for Pegi. It started out on a good wicket when it was buying Dunlop, but somewhere along the line, it got side-

Wong Sulong looks at the latest round in the Dunlop-Pegi saga

saddled with an unhappy tie-up with Pirelli.

Mr Ghafar and his associates began picking up Dunlop shares on the London market for between 50p and 80p, and built up a holding of around 20 per cent.

In late 1980 rumours of a Far Eastern takeover bid for Dunlop became so rampant that the UK Board of Trade sent out two inspectors to check on the situation. The mission failed to find out the full extent of the Far Eastern interests.

All the time, Mr Ghafar and Pegi maintained they were simply buying Dunlop shares as long-term investments, but there was little doubt they were waiting for the right opportunity to take over control—and that this action had the indirect support of the Malaysian Government.

Dunlop was the sort of company Malaysia wanted. It had major plantations and manufacturing interests in the country and advanced rubber-based and industrial technology which Malaysia was keen to acquire.

tracked, and has landed up in some very messy situations."

The Pegi-Dunlop saga began to unfold three years ago. Then the Malaysian economy was still cruising comfortably, and the stock market was booming.

Mr Ghafar Baba, Pegi's chairman, was one of the most influential politicians on the Malaysian scene. He had, as a political ally, Tengku Razaleigh, the Finance Minister.

With such influential backing, Pegi was in an expansive mood. Also at this time shares on the Kuala Lumpur stock market were expensive by comparison with London, particularly those of Dunlop Holdings which was making heavy losses and was

threatened and moved fast. In a deal reached in September 1981, they agreed to sell to Malaysian interests, Multi-Purpose Holdings (MPH) and Pegi, a 51 per cent stake in Dunlop Estates on condition they did not increase their buying in the UK parent.

Dunlop received 211m ringgit from this sale.

The deal raised a political uproar in Malaysia. Politicians attacked it on grounds that effective control of a big plantation group (with 54,000 acres) passed to a Chinese corporation, that is, MPH.

Dr Mahathir, the Premier, was reportedly furious that the Malaysian interests had given an undertaking to stop buying

offered, reportedly 3.8 to 4 ringgits per share, was unsatisfactory.

Dunlop's UK directors met Mr Ghafar in Zurich last May, and announced that the 51 per cent holding in DMI would be sold to Pegi for 255m ringgit, or 5 ringgit per share.

This news disappointed Pegi shareholders and the Malaysian financial community who felt the price was far too high.

Pegi directors said they planned to make a rights issue to raise the money, while minority shareholders of DMI were offered a share exchange.

However, after the dust had settled, it became obvious to both Pegi and Dunlop that the Malaysian authorities would insist on a cash offer to DMI minority shareholders.

In such an event, Pegi would have been faced with raising a total of 500m ringgit for the entire equity of DMI, an amount most banks would balk from lending during these difficult times while Pegi's track record is by no means impressive. For example in the six months ended September 1982, its pre-tax earnings were only 3.1m ringgit.

It was largely for this reason that the latest deal was negotiated. The 51 per cent Dunlop UK stake in DMI would be transferred to a company, jointly owned by Dunlop and Pegi. For this privilege, Pegi will have to raise 127.5m ringgit through a bank loan, and later possibly a rights issue.

Pegi has emerged from its fight with Dunlop with little to boast about. It risks having substantial assets (16 per cent in Dunlop Holdings and 127.5m ringgits for 25.5 per cent of DMI) locked up in companies over which it will have no direct control. However, Mr Ghafar maintains that Pegi's investments in the Dunlop companies will prove worthwhile.

The Dunlop-Pegi saga is by no means over but it does appear that the aggressiveness and confidence that Pegi displayed three years ago is gone.

Souza Cruz ahead but results disappoint

By Andrew Whitley in Rio de Janeiro

SOUZA CRUZ, the Brazilian cigarette manufacturer 75 per cent owned by BAT of the UK, more than held its own last year, raising net profits by 139 per cent to Cr 33.9bn (\$179m).

Although profits compared favourably with inflation in 1982 of 99.7 per cent the results were, nevertheless, a disappointment for the company. It is the third largest private enterprise in Brazil, having recorded a spectacular leap of 338 per cent in its registered profits in 1981.

Gross earnings rose 129 per cent in 1982 to Cr 635.3bn. Government tax took 78 per cent of receipts and in his annual report to shareholders, Mr A. C. "Tom" Long, the president of Souza Cruz, stressed the deteriorating margins of the tobacco giant.

Profits before tax were down to 2 per cent of gross factory earnings, compared with 7 per cent 10 years earlier. Increased taxes introduced by the Brazilian authorities during 1982 were held responsible for the fall.

Sales continued their slight downward drift of the past few years, declining by 1.6 per cent in response to retail price rises, authorised by the Government, of 102 per cent.

Souza Cruz still maintains a stranglehold on the large Brazilian cigarette market, increasing slightly its market share in 1982 to 80.4 per cent. Its rivals, Reynolds and Philip Morris, continue to lose money.

Dividends for the full year were 136 per cent up on those distributed at the end of 1981.

Equity trade at record £4.6bn

BY NIGEL SPALL

LIVING UP to its reputation of being a busy month for turnover, January saw business in all sectors of the London Stock Exchange increase sharply. The recovery was led by a pronounced expansion of business in ordinary shares which, in money terms, spurred to an all-time peak of £4.6bn.

Turnover in the equity sectors jumped by £1.33bn, or 40.6 per cent, from December's £3.27bn. Consequently, the Financial Times Turnover index for ordinary shares rose to an all-time high of 820.7 compared with December's 558.8. The 1982 monthly average was 556.3.

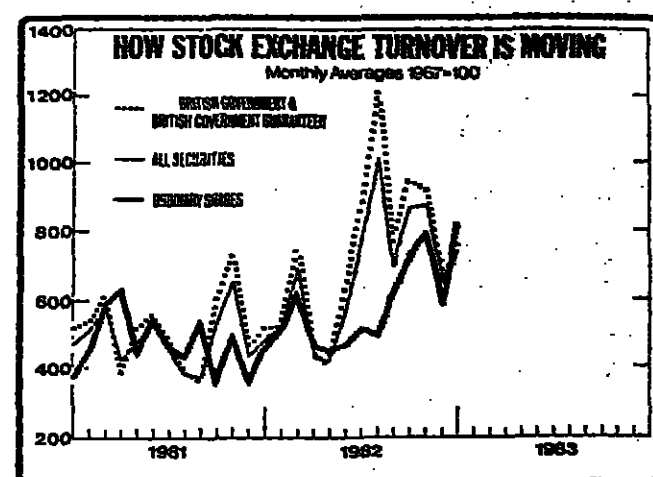
The number of equity bargains increased by 88,663 to 422,787 and the average value per bargain rose to £10,900 against December's £9,800.

The gilt-edged sector recorded a less substantial rise in turnover, but was still up by £2.61bn, or 16.9 per cent, to £18.02bn. The number of bargains transacted was 9,662 higher at 84,226.

Trade in long-dated stocks increased by £1.43bn, or 17.3 per cent, to £9.71bn and that in the shorts by £1.17bn, or 16.9 per cent, to £8.31bn.

The Financial Times Turnover index for Government Securities was 762.6 in January compared with December's 552.3 and the 1982 monthly average of 717.3.

Turnover in all securities rose



by £3bn, or 14.2 per cent, to £24.10bn, against December's £21.11bn and the Financial Times Turnover index for All Securities rose in January to 738.6, well above the 1982 monthly average of 655.5.

London equities got off to a flying start in January, moving ahead in the wake of Wall Street, but sterling's collapse rudely interrupted the upward impetus. A subsequent good recovery was then thwarted by the failure of the Opec countries to reach agreement on quotas and prices but equities again rallied

—with the notable exception of oil shares.

The Financial Times Industrial Ordinary share index rallied from a low point of 588.4 on January 12 to 694.8 on January 20 and closed the month a net 26.0 points up at 622.7.

Gilt-edged securities proved more vulnerable to sterling's setback. The Financial Times Government Securities index dipped to a low point of 77.00 on January 24 and closed the month 4.17 points down on balance at 77.02.

	Value £m	% of total	No of bargains	% of total	Average daily value £m	Average bargain value £000's	Average daily bargains
BRITISH FUNDS							
Short Dated (5 years or less to run)	8,306.8	34.5	25,570	4.7	395.6	324.9	1,218
Others (over 5 years)	9,712.4	40.3	58,656	10.8	462.5	165.6	2,793
TOTAL	18,019.2	74.8	84,226	15.5	858.1	213.9	4,011
IRISH FUNDS							
Short Dated (5 years or less to run)	614.0	2.5	2,873	0.4	28.2	294.2	99
Others (over 5 years)	9,712.4	1.0	2,468	0.5	11.6	180.7	177
UK LOCAL AUTHORITY	347.4	1.4	4,534	0.8	14.6	76.7	216
OVERSEAS GOVT	62.1	0.3	1,398	0.3	2.9	44.4	66
OTHER FIXED INTEREST	214.0	0.9	23,871	4.4	10.2	9.0	1,137
ORDINARY SHARES	4,599.5	19.1	422,787	78.1	219.0	16.9	20,133
TOTAL	24,104.2	100.0	541,349	100.0	*1,147.8	*44.5	*25,779

* Average of all securities

This announcement appears as a matter of record only. All the shares in this issue have been privately placed outside the United States. The shares have not been registered for offer or sale in the United States or Canada (including their territories and possessions) or to United States or Canadian persons as part of the distribution of the shares.

American Petroleum Production N.V.

Incorporated in the Netherlands Antilles

A company formed to purchase proved producing oil and gas properties in the United States

US\$ 85,000,000

52,000 shares at US\$1,000 each
and
US\$ 33,000,000 financing facility

The shares were privately placed by

J. Henry Schroder Wagg & Co. Limited
London

J. Henry Schroder Bank A.G. Zurich
J. Henry Schroder & Co. S.A.L. Beirut

Schroder, Darling and Company Limited Sydney
Schroders & Chartered Limited Hong Kong

Singapore International Merchant Bankers Limited
Singapore

In association with

Fielding, Newson-Smith & Co. **Scrimgeour, Kemp-Gee & Co.**

Advisers to the Managers and to the Company in the negotiation of the financing facility and in the purchase of the properties

Schroder Energy Associates, Inc.
Houston and New York

Schroders

December 1982

U.S. \$75,000,000

Banque Worms

Floating Rate Notes Due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 4th February 1983 to 4th August 1983 the Notes will carry an interest rate of 10 1/4% per annum. The relevant Interest Payment Date will be 4th August 1983 and the Coupon Amount per U.S. \$10,000 will be U.S. \$505.92.

Credit Suisse First Boston Limited
Agent Bank

Bank of Tokyo (Curaçao) Holding N.V.
US \$75,000,000
Guaranteed Floating Rate Notes due 1991



Payment of the principal of, and interest on, the Notes is unconditionally and irrevocably guaranteed by

The Bank of Tokyo, Ltd.

(Kabushiki Kaisha Tokyo-Mitsubishi Bank)

In accordance with the provisions of the Agency Agreement between Bank of Tokyo (Curaçao) Holding N.V., The Bank of Tokyo, Ltd., and Citibank, N.A., dated February 2, 1981, notice is hereby given that the Rate of Interest has been fixed at 10 1/4% p.a. and that the interest payable on the relevant Interest Payment Date, August 4, 1983, against Coupon No. 5 will be US\$252.96.

February 4, 1983 London
By: Citibank, N.A. (CSSL Dept.), Agent Bank.

CITIBANK

Japanese car-makers cut spending plans

BY CHARLES SMITH IN TOKYO

JAPANESE MOTOR manufacturers are cutting capital investment budgets following the first year-to-year decline in the production and sale of cars since the 1973 price rises.

Overall capital expenditure by the industry is likely to be down about 8 per cent from last year's total (which itself was revised downwards from earlier estimates). Some companies, however, will be spending 30 to 40 per cent less than a year ago with the bulk of their funds allocated to rationalisation.

Toyota Motor, Japan's number one passenger car manufacturer, plans to invest about ¥200bn (\$836m) during 1983, of which ¥12bn will be earmarked for "capacity expansion and welfare."

Nissan Motor, the industry's number two manufacturer, predicted yesterday that it would spend about ¥190bn on capital investment projects inside Japan during the year beginning next May. This is ¥20bn less than

Nissan's original budget for the current fiscal year, (1982-83) and ¥10bn less than the company now expects to spend. Roughly ¥75bn of Nissan's 1982-83 capital expenditure will be allocated to new product development.

The number three Japanese car maker, Yoko Kogyo (whose cars carry the Mazda brand name) expects to spend about ¥70bn on plant and equipment during its next fiscal year, starting in April. This is only ¥50bn less than the company will have spent during the current year but nearly ¥30bn below the 1982 budget.

Mitsubishi Motors has announced plans for a cut of one-third in its capital expenditure budget for the year beginning April, from ¥75bn to ¥50bn. The company declines to say how much, if any, of the money will be spent on capacity increases, but at least two-thirds of the total is believed to have been allocated to energy saving

investment and to new product development.

An exception to the general rule of diminishing investment in the Japanese motor industry is Honda, which expects to spend the same amount of money in the coming year as in 1982 (¥95bn). Honda's bullish 1983 investment budgeting reflects, among other things, the spectacular success on the Japanese home market of its 1.7 litre car, the City.

Honda's main competitors in the Japanese motor cycle industry — Yamaha and Suzuki — have both announced sharp cuts in their 1983 investment budgets, although for contrasting reasons.

Yamaha will be spending nearly 30 per cent less on plant and equipment in 1983 (¥27bn compared with last year's ¥37.6bn) after experiencing a pile up of stocks, particularly in its overseas markets. Suzuki's investment budget for the current year has been set at ¥32bn, down from 1982's record

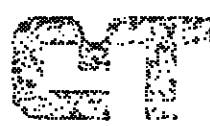
¥81.9bn.

Suzuki's capital spending was boosted last year well above the company's own expectations by work on a ¥40bn factory which will produce the new Suzuki "S" car (a one-litre model destined for sale under an OEM contract to General Motors). The S car represents Suzuki's first entry to the Japanese motor industry, proper, since the company has never previously built cars with engine capacities greater than 550 cc.

Overall investment capital in the Japanese vehicle industry jumped from ¥479bn in 1979 to ¥751bn in 1980 as the 13 motor and motor cycle manufacturers strove to prepare themselves for what they hoped would be the booming 1980s. The investment figures continued growth, to ¥864bn in 1981 and to ¥916bn last year, but it now appears that this may have been the peak. A figure slightly over ¥800bn appears possible for 1983.

New Issue

1,800,000 Shares



Comdial Corporation

Common Stock

All these securities have been sold. This announcement appears as a matter of record only.

Prudential-Bache Securities

Dean Witter Reynolds Inc.

Bear, Stearns & Co.

The First Boston Corporation

Blyth Eastman Paine Webber Incorporated

Dillon, Read & Co. Inc.

Drexel Burnham Lambert Incorporated

E. F. Hutton & Company Inc.

Kidder, Peabody & Co. Incorporated

Lazard Frères & Co.

Lehman Brothers Kuhn Loeb Incorporated

L. F. Rothschild, Unterberg, Towbin

Salomon Brothers Inc

Shearson/American Express Inc.

Smith Barney, Harris Upham & Co. Incorporated

Wertheim & Co., Inc.

William K. Woodruff & Company Incorporated

Alex. Brown & Sons

A. G. Edwards & Sons, Inc.

Oppenheimer & Co., Inc.

Thomson McKinnon Securities Inc.

ABD Securities Corporation

Advest, Inc.

Allen & Company Incorporated

Arnhold and S. Bleichroeder, Inc.

Atlantic Capital Corporation

Basle Securities Corporation

J. C. Bradford & Co. Incorporated

Cazenove Inc.

F. Eberstadt & Co., Inc.

Robert Fleming

Hambrecht & Quist Incorporated

Hudson Securities, Inc.

Kleinwort, Benson Incorporated

Ladenburg, Thalmann & Co. Inc.

McDonald & Company

Montgomery Securities

Moseley, Hallgarten, Estabrook & Weedon Inc.

Robertson, Colman & Stephens

Robinson Humphrey/American Express Inc

Rotan Mosle Inc.

Rothschild Inc.

Tucker, Anthony & R. L. Day, Inc.

January, 1983

TECHNOLOGY

EDITED BY ALAN CANE

HIGH SPEED SATELLITE LINK EXCITES U.S. ATTENTION

Universe shrinks the computer world

BY ELAINE WILLIAMS

A UNIQUE collaboration between industry, government and universities will get its first public airing later this month. It is Project Universe, a £3m, three year research study to assess the future and practical problems of linking large computers over long distances at high speed.

In essence, Project Universe puts together two concepts of computer linking for the first time. These are local area networks and high speed satellite links.

Those involved in the work are the Department of Industry, the Science and Engineering Research Council's Rutherford Appleton Laboratory, British Telecom, Cambridge University, GEC, Logica, Loughborough University of Technology and University College London.

However, other companies including BICC, Cifer Systems, Marconi Avionics and Oriel Computers are to provide equipment and support for the first official demonstration at the Information Technology and Office Equipment Exhibition which will be held at the Barbican Centre on February 22.

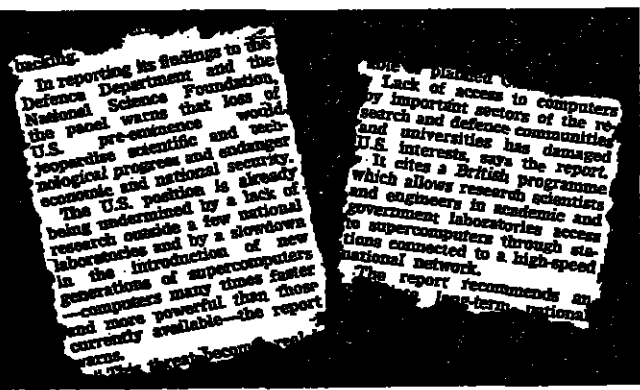
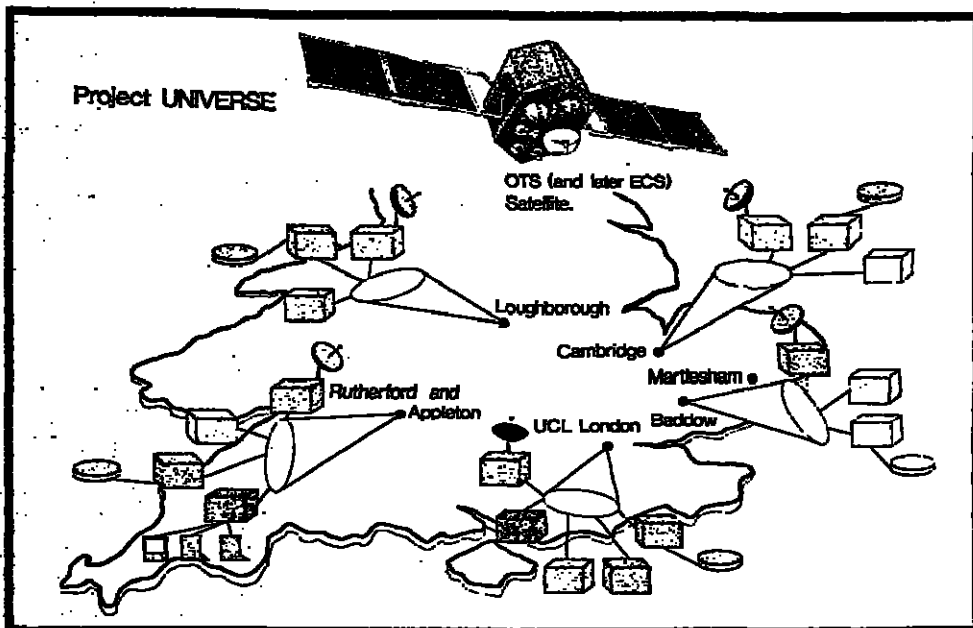
Industry has shown a keen interest in the research work because the transmission of high bandwidth digital data between computers separated by both short and long distances is becoming increasingly important to business, industry and in scientific research.

Ring

Over short distances the problem of communication between computers has been solved by the local area network. This is simply a ring of cables, rather like the ring mains for electricity in the home — to which all the computer equipment, terminals and printers are plugged in.

There are many different local area networks, or LANs, on the market, but Project Universe employs the Cambridge Ring, developed by Cambridge University. Packets of digital information, each with addresses, travel around the ring until they reach the computer device with the correct address.

In the Cambridge system packets of digital information of fixed length circulate round the ring in one direction only. The basic transmission speed of data from one station to



Above: A total of seven locations are linked into Project Universe. Communications between sites is through a series of satellite links. For the first public demonstration at the Barbican Centre, these links will be controlled by GEC computers. The success of this project paves the way for commercial high speed data communications with good export prospects for British companies.

Left: How the U.S. feels its lead in computers is being eroded by European countries. First printed in the Financial Times on January 26, a report cites Project Universe as an example of Britain's advanced technology.

another is around one megabit a second but will be 10 times that speed in a few years. A single local area network might serve an industrial plant, office building or a small research laboratory. For much larger buildings or applications several rings may be needed. Each individual ring could be linked by a communications channel to a master ring running around the whole area.

In this larger configuration, correctly addressed packets of data still reach the required destination anywhere in the network.

In the Universe Project, such rings are then connected to satellite earth stations so that

they can be linked to other LANs which are further away. The data which travels at a speed of up to one megabit a second is beamed to the European Orbital Test Satellite (OTS), which then transmits the signals to all the earth stations involved in the Universe Project.

Commercial

An important feature of the project is its great flexibility since it allows any computer device at any of the sites belonging to the participants to pass information with any other. This type of system can be extended to cope with more

than 30 sites which might be needed in large commercial applications.

For the Barbican demonstration four separate locations will be linked via satellite illustrating four individual applications of the ring system. The Logica VTS Polynet ring, a commercial version of the Cambridge design, will be used plus a British Telecom mobile satellite ground station linked to the exhibition hall by an optic fibre link.

The experiments illustrate the many different needs of the Universe Project participants. For example, Loughborough University of Technology will be demonstrating a frame store

TV system which builds up a slow scan digital picture for analysing images; Logica VTS will show word processors and microcomputers connected to a LAN, and University College London will demonstrate a system capable of high speed transfer and retrieval of text, pictures and video text stored at a distant database at UCL.

Despite its high performance, UCL says that only a low cost microcomputer is needed for terminal access so it will use the BBC microcomputer for the demonstration.

Benefits

According to the Science and Engineering Research Council, SERC, the main benefits of the project will be the experience of operating such a complex system and the ability to demonstrate it to potential overseas customers.

Mr John Burden, one of the team leaders of the Universe Project, said that the participation of the three commercial companies allowed them to exploit any results immediately. "It is one of the few areas in computing where the UK is in the first division," he said.

In fact, a recent U.S. report commissioned by the U.S. Government warned that Europe and Japan were catching up with the U.S. lead. It mentioned the Universe Project as an example of the British threat to U.S. computing.

Mr Burden said that there were only two similar projects on high speed data transmission. One is the Wideband Satellite experiment being carried out in the U.S. for defence applications. However, this tends to concentrate on high speed voice transmission rather than all forms of communication provided by Universe.

France also has "Nadir" which is presently only operating on a small scale and lacks a satellite link until Telecom 1, one of the small communications satellites is launched in a few years' time.

Project Universe, however, can make use of the OTS satellite with the help of six GEC 4065 minicomputers. These form the vital link between the participants' computer or local area network and the satellite network. The system will then be able to adapt to the European Communications Satellite, ECS, which will be the commercial version of the OTS.

JAPANESE FIND THE RIGHT KEY

New scale for music printing

BY CHARLES SMITH IN TOKYO

MUSIC PRINTING is one of the last strongholds of tradition in an industry which, in the past five years or so, has been changed out of recognition by the introduction of computer typesetting techniques.

If Japan's Toppan Printing Company has its way this may not be the case much longer. Toppan is working on a system called Scan-note which applies to the far more complicated process of setting up a page of music.

The system will not only speed up the painfully slow process of getting music ready for the printer, according to Toppan, but will also probably change the economics of the industry — making it possible to print more kinds of music than in the past and greatly simplify the printing of arrangements or adaptations of existing music.

The system which is now being tested at Toppan's Itabashi factory in northern Tokyo, and which should hit the market later this year, uses no metal and does not require a craftsman. Instead, the operator sits at something closely resembling a piano keyboard "playing" the notes of the score into a medium-sized scientific computer.

A conventional computer input terminal, consisting of a typewriter keyboard and CRT screen, is used to provide additional information to the computer such as the time, signature and key signatures of a piece, any changes in key or time that occur in the middle of the piece, the number of bars to a line and so on.

The terminal can also be used to describe to the computer rhythmic or harmonic patterns that recur repeatedly.

Information transmitted to the computer is sent to a standard printer terminal (of the kind manufactured by Japanese companies for printing kanji characters) which produces a slightly larger than life-sized proof of the original manuscript.

The operator corrects this, and adds additional symbols such as dynamic markings, with a stylus which picks up the appropriate symbols from an electronic menu chart.

Finally, the completed page is reproduced by a laser powered plotter in the form of a "black copy" which goes directly to the print shop.

Typesetting by the Scan-note system takes about one hour per page, or up to two hours in the case of complicated manuscripts where large numbers of insertions have to be made at the proof correcting stage.

Faster setting up of music from unpublished manuscripts is not the only advantage Toppan claims for the system. The company has developed software which will enable a sheet of music in, say, C major to be reset in C sharp minor (or any other key) on a single instruction to the computer.

Another programme can be used to set a full orchestral score as a series of individual instrumental parts — without going back through the whole of the original typesetting process.

A future refinement of Scan-note will take the form of directly linking a synthesiser to the editing computer, enabling composers to compose their music directly onto the printed sheet. Toppan thinks this facility may be of special interest to film companies which are at present spending heavily on the editing and re-editing of music after it has been written out in manuscript form.

The Scan-note system could probably never have been put on the market as a complete package (involving host computer, terminals, software, etc.) without the benefit of the all-round expertise in printing and electronics that is the speciality of Japanese printing companies.

This is not to say that Toppan did all the work on its own. Scan-note, as the name suggests, was originally the brainchild of a Dane, Mr Nogens Kjaer, who taught himself computer programming and then developed the software required for turning a page of music into computer language while teaching music at a teachers' training college.

Kjaer took his ideas to Dataland, a Danish software company, which, in 1978 helped him to set up a company that would first provide computerised music setting services and then hopefully start marketing the system itself to publishers.

Mr Kjaer achieved an output of about 50,000 sheets of computer set music per year in early 1982 when high Danish interest rates forced Mr Kjaer to close the company and to hand over his idea to the Japanese.

Instruments

Transient wavelength recorder

THE DATALAB DL1080 programmable transient waveform recorder is designed to provide unattended and reliable monitoring of data line transients, with output to hardcopy devices and data line storage. The advantage claimed is that the recorded wave forms are directly suited to automated computer analysis.

In one application, the recorder was used to monitor line transients caused by lightning strike effects which were detected at a telephone exchange, so that protection measures could be correctly specified by engineers installing the exchange equipment.

Datalab is also offering a new digital random waveform capture and storage system, able to operate unattended, to store the signal information on a Winchester disk subsystem for such applications as the lightning strike work. Data Laboratories is at 28 Wates Way, Mitcham, Surrey (01-840 5321).

Computing

Software for solicitors

A REVISED, up-to-date version of DATA-LEX, comprehensive accounting, book-keeping and time-recording program for solicitors, has been introduced by the software organisation Dataview.

The program for Commodore computers which can perform multiple processing, can provide instant reports, allow partners to distribute the workload through a time-costing record and will maintain a record of solicitors' and clients' money in separate accounts. Dataview: Portreeves House, East Bay, Colchester, Essex (0206 86941).

Automation

Engelberger on robotics

MR JOE ENGELBERGER, president of Unimation, the major U.S. robot manufacturer, will be discussing the place of robotics in the factory in a forthcoming Financial Times conference on manufacturing automation. Other speakers will include Mr Dick Danbenmire, vice-president manufacturing and product assurance for IBM Europe and Mr D. H. Roberts, director of research for GEC. The conference "Automated manufacture—adapt or decline?" will take place on February 21 and 22 at the Royal Lancaster Hotel, London. Further information from FT Conferences on 01-621 1355.

Intel 8088

TYPING errors in the story "Battle lines for the micro wars" (this page February 2) may have confused some readers. The Intel processor in the IBM Personal Computer is the 8088, not the 8086, which is half-way between being a 16-bit and an 8-bit processor.



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(Incorporated in the Republic of Indonesia. A Subsidiary of P.T. Astra International, Inc.)

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Cronebridge Bank Limited

Stanbridge International Bank Limited

Summa International Finance Co. Ltd.

Agent

Wardley Limited

December 1982

MEDICAL ELECTRONICS

Change of pace in heart control

BY RAYMOND SNOODY

A NEW heart pacemaker company is poised to enter the intensely competitive U.S. market with a product they describe as a "significantly better mousetrap."

Cardiac Control Systems, set up in 1980, plans to begin clinical trials of its new pacemaker in the U.S. this summer and hopes quickly to take a noticeable slice of a market estimated to have been worth \$510m (£337m) in the U.S. last year and a total of \$750m worldwide.

CCS says it has successfully designed "a system that for the first time incorporates all known physiological pacing modes for the control of bradycardia (slow heart rate). It can deal with 18 different operating modes including the ability to pace an area in the atrium and ventricle."

Many of the people behind CCS were involved with Intermedics, the number two U.S. pacemaker company with a 24 per cent market share in the U.S. last year.

The CCS chairman Mr Robert Brownlee, an electronics engineer who designed the new pacemaker range, was closely

involved with the introduction of telemetry into the field of cardiac pacing when he was a consultant engineer with Intermedics.

The president and chief executive, Dr Charles Del Marco, was medical director of Intermedics from 1974 to 1979.

Mr Brownlee, in London this week for a private placing of around 37 per cent of the CCS equity to raise \$8m in working capital, says he believed it could be one of the last start-ups in the now established pacemaker industry. "In 1974 it took Intermedics four months and \$400,000 to develop a new product. Now it's three years and \$10m to \$12m," he said.

Apart from being able to cope with every mode that is viable for the human heart Mr Brownlee says the main advance in their new pacemaker lies in their new pacemaker lies in the human engineering.

A much simpler programming code has been developed for doctors, which can be altered externally without further surgery, Mr Brownlee says, and much simpler telemetry procedures for patients.

Doctors can initiate automatic

transmission of detailed data from within the pacemaker—including a cardiac electrogram during pacing—which comes in the form of a printout for patient files.

The custom designed micro-controller has been developed and will be manufactured by Harris and the circuitry will be completed by Raytheon.

CCS is aiming for 3 per cent of the U.S. market and 1 per cent of the world market in 1985—which would mean sales of \$26m.

Apart from Intermedics the U.S. market is dominated by Medtronic with a 41.7 per cent share, Cordis, 12.5 per cent and Cardiac Pacemakers with 5.8 per cent. But Mr Brownlee believes the big breakthrough is still to come. He says he has developed a sensing system sophisticated enough to allow pacemakers to be used routinely to control tachycardia (rapid heart beat). At the moment drugs are considered more satisfactory than existing pacemakers. The CCS tachycardia pacemaker could be on the market within two years.

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January 20, 1983

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UK COMPANY NEWS

Court rejects Viyella voting plea by Hyman

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

A HIGH COURT judge yesterday ruled that ICI was fully entitled to vote all of its 49 per cent shareholding in Carrington Viyella behind the proposed CV-Vantona merger.

He rejected a petition from Mr Joe Hyman seeking to limit ICI's voting stake to 35 per cent.

He awarded costs against Mr Hyman and refused him leave to appeal, though Mr Robert Wright, QC, counsel for Mr Hyman, said there would be an appeal to the Court of Appeal seeking to overturn that latter decision.

The judge also refused to accept a further petition from Mr Hyman that the court should order ICI or Carrington Viyella to buy his shares at a price determined by the court.

Mr Hyman announced yesterday he had bought another 500,000 shares in Carrington Viyella at 9.4p, bringing his total holding to 8.8 per cent.

Vantona has stated that it will not go unconditional on the offer unless it receives acceptances from 80 per cent of the shareholders by the deadline next Wednesday. Last night it reported its support as being just over 87 per cent.

Mr Hyman left court without saying anything but Mr Alliance, managing director of Vantona, said afterwards: "Mr Hyman is, I am sure, the sort of man who will support the deal because he has the interests of the industry at heart."

Desperate attempts were being made last night to bring the two men together to discuss Mr Hyman's holding before Wednesday.

The significance of next Wednesday's date is that under the takeover code any shareholder accepting the offer can withdraw that acceptance 21 days after the closing date.

But if 90 per cent of the shareholders accept the deal then Vantona could go to the High Court under section 209 of the Companies Act of 1948 to compel Mr Hyman to sell his shares.

Christie-Tyler cuts losses in first half

BY OUR FINANCIAL STAFF

CHRISTIE-TYLER, the furniture and upholstery group, reduced its losses sharply during the six months ended October 31, 1982. At the pre-tax level they emerged at £220,000 compared with £738,000 for the same period last year and £445,000 in 1980.

In his interim report chairman Mr G M Williams says the group's improved performance was a result of its reorganisation programme and an improvement in general trading conditions last autumn.

He adds that Christie-Tyler has been trading profitably since September although "at an unsatisfactory level".

Recent moves in exchange rates are having a serious effect on the group's costs of imported textiles and timber and based on the fall of the pound since November alone are costing an extra £1m a year.

Until these exchange rates move, the directors had considered a small profit would be made for the year as a whole. However, the chairman says these changes and the substantial cost increases in polyester and the uncertain trading conditions for the spring make forecasting difficult.

Turnover for the six months declined from £35.55m to £33.65m but at the trading level the group moved £137,000 back into the black, compared with a previous deficit of £111,000, before interest charges of £257,000 and £128,000.

Loss per 10p share was reduced

CHRISTIE-TYLER

Manufacture of furniture and upholstery

Half-year to Oct 31

1982 1981

Sales £33.65m £35.55m

Pre-tax profit £220,000 £738,000

Tax £10,000 £10,000

Attributable profit £210,000 £728,000

Earnings per share 2.3p 7.7p

Dividend £1.0m £1.0m

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Barlow to end Malay connection

By David Dodwell

BARLOW Estates, the wholly owned subsidiary of Barlow Holdings, is to dispose of its last significant stake in Malaysian plantations. It announced an agreement yesterday to sell its 30 per cent holding in Barlow Plantations for M\$46m (£13.1m) to Permodalan Nasional, Malaysia's national investment agency.

Until September 1981, Barlow Plantations was wholly owned by Barlow Estates. But to conform with pressure from the government in Kuala Lumpur for Malaysiaisation of foreign-owned companies, it then sold 70 per cent of its holdings to Malaysian interests - 40 per cent to Permodalan Nasional and 30 per cent to Perlis Holdings, controlled by the Kuok family.

On Wednesday, Perlis Holdings revealed that it had also agreed to sell its 30 per cent holding to Permodalan, giving the agency 100 per cent control. Perlis was also paid M\$46m - the same price that it paid to acquire its stake from Barlow 17 months ago.

Barlow Holdings will be paid 20 per cent of the purchase price immediately, and the balance early in May. The trigger for complete withdrawal was the depressed state of the world rubber market, and an agreement between the three groups controlling Barlow Plantations that effective management would be easier with clear majority control.

Barlow Holdings is likely to use the cash raised from the sale to invest further in UK securities and property. This policy was first outlined in the autumn of 1981 when the board revealed plans to spend a large proportion of the £12.14m net profit from the sale of its 70 per cent stake in Barlow Plantations in these sectors.

The Barlow family began operating in Malaysia first as agents, managing other people's plantations at the turn of the century, and over the years acquired substantial equity holdings in many plantations groups. Barlow Plantations comprised over 35,000 acres.

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SUMMARY OF RESULTS

for the 53 weeks to 3rd October 1982

	1982	1981
Turnover	£6000	£6000
Profit on trading	24,857	24,121
Profit after taxation	1,097	1,308
Earnings per share	783	1,100
Dividends per share	13.2p	18.6p
Net assets per share	8.5p	209.4p

Volumes for year under review disappointing and margins under pressure in most activities. Results adversely affected by costs of developing new coach range. Building and staffing did well to achieve budgeted turnover and profits targets.

Good cash funds maintained throughout year and balance sheet continued to be very strong. Maintained dividend reflects Board's conservative approach in previous years and its confidence in future.

Overall demand for coaches remains low but new "Falcon" range has been well received and orders considerably in excess of last year at this stage. Board is expecting an improvement in Group profits in current year.

Copies of the Annual Report are available from the Secretary, Plaxtons (GB) Ltd, Castle Works, Seamer Road, Scarborough YO12 4DQ

PLAXTONS

The Great British Coach Builders

UK placing for U.S. medical group

By Alice Wolman

A U.S. company which manufactures heart pacemakers is seeking to raise about \$8m from UK institutional investors through the placing of about 1m shares at a price of 57.75 pence, it was announced yesterday.

Cardiac Control Systems, which was incorporated in Delaware in June 1980, was refused a quotation on the Unlisted Securities Market because it had issued too large a number of stock options and unexercised warrants in relation to its ordinary share capital.

"If London wants to become an international capital market, it will have to accept that other people raise finance in different ways from us," said Mr James Meynell of the Carolina Bank, which is placing the issue with stockbrokers Laurie Milbank.

The share capital to be raised will amount to 27 per cent of the total equity of the company. The remainder was raised privately in the U.S. But the company decided not to wait to obtain a quotation there which would have allowed it to raise more money, said Mr Meynell.

However, the company expects to be granted a public quotation on one side of the Atlantic or the other in the next nine to 18 months, he added.

If the required amount of money is raised in the UK, this will be sufficient for all the company's cash needs until 1985. During the development stage of its operations from June 1980 to September 1982, the company made an accumulated loss of \$2.7m. A further net operating loss of \$938,000 is forecast for the six months ending in March 1983.

But in the subsequent two financial years, the company forecasts sales of 1,800 and 6,400 pacemakers, of which 70 per cent would be in the U.S., producing pre-tax profits of \$360,000 and \$5.9m.

The money to be raised in the UK will be used to complete the development of CCS's five pacemaker models and to provide sufficient working capital for their production and marketing.

The simplest model provides six different pacing modes and is designed to be applied to a single chamber of the heart. The most sophisticated can sense and pace both chambers and provides 14 different modes.

RESULTS IN BRIEF

■ MCKAY SECURITIES
Property investment & development

Half-year to Sept 30

1982 1981

Sales £1.95m £1.5m

Pre-tax profit £273,994 £157,948

Tax £14,500

Attributable profit £259,494 £143,448

Earnings per share 2.325p 1.508p

Dividend 1.5p 1.5p

■ WILLIAM RANSON & SON

Manufacturing chemist

Half-year to Sept 30

1982 1981

Sales £1.48m £1.22m

Pre-tax profit £53,000 £54,000

Tax £4,000

Attributable profit £49,000 £50,000

Earnings per share 2.08p 4.23p

Dividend 1.5p 1.5p

Blundell-Permoglaze profits steady at £2m

BY OUR FINANCIAL STAFF

BLUNDELL-Permoglaze Holdings has maintained its profit for the year ended October 31, 1982, after showing a 52 per cent rise at the six months stage.

The final dividend is the promised 4.4p net on capital increased by a rights issue, to make 6p for the year, against 3.6p.

Sales of this group, paintmakers and suppliers to the building industry, rose by £3.26m to £29m, and the profit came out at £2.02m, compared with £2.05m in the previous year.

Mr Robert White, the chairman, says the results can be considered pleasing, as to maintain the profit a very exceptional export order of £1.5m obtained in 1981 had to be replaced. This was achieved although there was no increase in the general level of industrial activity.

The major contribution came from the long established building paints and products division, since the newer acquisitions have not yet had sufficient time to have made a

BLUNDELL-PERMOGLAZE HOLDINGS

Paint Manufacturing and building supplies

Year to Oct 31

1982 1981

Sales £29m £25.74m

Pre-tax profit £2.02m £2.05m

Tax £14,500 £14,500

Attributable profit £1.875m £1.905m

Earnings per share 2.36m 1.22m

Share 34.1p 18.6p

Dividend 6p 5.6p

significant impact. There was little growth in the market for decorative paints but the group maintained its market share.

In the Republic of Ireland high inflation has not helped and demand was static. Nevertheless, the new Dublin factory was completed and came on stream in June. The Irish company's contribution, however, which reflected additional financial charges, was not as great as in 1981. The distribution company

MRCB (Points and Wallcoverings) which operates jointly with Leyland Paints in Northern Ireland, had a satisfactory first year of operation. The Scottish decorative paint market was also very difficult but Federated Paints, in contributing its first full year's profit, was almost up to budget.

Although interests in building insulation systems continues to grow, there remains a very long lead time in orders materialising, the chairman tells members.

At the end of the financial year the net asset value per ordinary share was 157p. Mr White says the cash position, augmented by the rights issue, proceeds, remains very strong.

After tax £359,560 (£328,580) and minorities this time of £17,681, the net attributable profit is shown at £341p (£1.22m) for earnings of 34.1p (£1.66p) per share. The tax charge, an account of £1.18m, derived no longer required - without this earnings would be 17.1p.

Arenson sales directors quit

BY MAURICE SAMUELSON

THREE senior sales directors are leaving the troubled Arenson furniture and office equipment group. Earlier this week the group confirmed it was shedding up to half its 400 strong workforce.

They are Mr Peter Eckford, the group's export sales director, Mr Tony Walton, sales director for of-

UK COMPANY NEWS

WHY BOOTS IS CLOSING ITS TIMOTHY WHITES CHAIN

Household name that had to go

BY DAVID CHURCHILL

BOOTS decision to close its Timothy Whites retail chain is the first clear sign that the new management - headed by Dr Peter Main, who became chairman just over a year ago - is tackling Boots retailing problems.

The basic problem has been Boots' failure to capitalise on its substantial retail strengths of a captive market (in its role as a pharmacy) and prime shop sites throughout Britain.

The result has been a profits plateau in recent years, in spite of steadily rising retail sales that included some real volume growth.

Dr Main and his senior colleagues at Boots' Nottingham headquarters have spent several months looking at the retail problems of the company and devising new strategies for sales and profits growth. Extensive market research uncovered, among other things, the fact that for every £1 a shopper spends in a Boots store, only 74p was actually spent. This was because the customer could not find - or Boots did not stock - the other 26p worth of products sought.

The more Boots management looked at the results of such re-

search, the less likely it appeared that the Timothy Whites chain had a part to play in what Dr Main calls a "jazzed-up and revitalised Boots."

Timothy Whites was set up in 1949 by a 23-year-old of the same name in Portsea, Hampshire. The shops sold basic products such as oil and dry salt for domestic use - the early advertising slogan was "Everything for health, home and garden."

The shops were merged with Taylor's Drug Stores in the 1920s and the chain became a marketing mix of pharmaceuticals and houseware.

In 1988 Boots acquired the Timothy Whites chain of more than 800 shops for £34m, removing a competitor and gaining several valuable sites. It converted most of the chemist shops into Boots outlets, and kept the Timothy Whites name for selling household goods such as crockery and cutlery.

Over the 1970s a strategy developed for Timothy Whites to sell a range of kitchenware, small electrical appliances and other household goods.

The chain was only one-tenth of the size of the main chemist outlets

and has always been profitable, but it never really took off in retailing terms. Increasingly, its image appeared too old-fashioned and its market limited.

And as Boots management tended to concentrate on the problems of the mainstream retailing activities, Timothy Whites became the poor relation. Its better sites became Boots outlets, while it was forced to keep the smaller and less attractively-sited stores.

The decision to close Timothy Whites came, according to Dr Main, when it became clear that "the shop-within-a-shop concept was going to become an important part of the revitalisation of our shops." This concept has been developed by Boots to diversify its traditional pharmacy, cosmetics and toiletries sales into areas such as children's clothes and audio and video equipment.

The significance of this concept is that once shoppers are attracted to a store (and Boots spends some £10m on advertising to do just that) it is much easier to persuade them to buy other products in related areas.

MINING

Karonie shows promise

By Kenneth Marston

ENCOURAGING results are reported by Australia's Acorn Securities from its Karonie gold prospect, 100 kilometres east of Kalgoorlie in Western Australia. The exploration work is being carried out by Freeport of Australia which can thereby earn an interest of 75 per cent in the property.

Two mineralised zones have been outlined by drilling so far and both remain open at each end and at depth. In the first zone, drilling has so far indicated just over 5m tonnes of mineralised rock with an average grade of 3.3 grammes per tonne. Although lying at shallow depth, it is below the supergene (an area of enrichment resulting from the percolation of water carrying particles of gold) which would add to the overall values for an open-pit mining operation.

However it is too early to make firm correlations of boreholes which would permit proper calculation of ore reserves and grades. Drill values obtained up to 19.1 grammes per tonne over 11 metres, starting at 55 metres.

Hanna plunges into the red

BY GEORGE MILLING-STANLEY

THE PROLONGED downturn in worldwide economic activity, which has hit the steel industry especially hard, has had the expected impact on the results of Hanna Mining of the U.S.

The company, with interests in iron ore and nickel mining and energy, reported a net loss for both the fourth quarter and full year of 1982, and has cut its quarterly dividend from 35 cents (23p) a share to 10 cents. Hanna also forecast that the first quarter of this year would be unprofitable.

The net loss for the final three months of 1982 came out at \$55.29m

(£43m) or \$6.85 a share, compared with profits of \$4.2m or 47 cents a share in the corresponding period of 1981.

These figures brought the net loss for the full year to \$80.34m or \$8.47 a share, against \$4.02m or \$4.94 a share.

The results were distorted by several extraordinary items, totalling almost \$60m.

These included a debit of \$33.2m from the closure of the Groveland open-pit iron ore mine in Michigan, a larger than expected non-recurring loss from the discontinued mining operations at the Iron Ore

Company of Canada mine at Schefferville in Quebec, a loss of \$8.8m on the sale of investments and a write-down of \$8.6m on nickel stocks.

The latest results also included an unrealised loss on foreign exchange of \$8.8m, compared with a loss last time of \$3.5m.

Mr Robert Anderson, chairman of Hanna, said the company was hopeful that the recent upturn in motor vehicle sales and construction activity would stimulate an economic recovery in the U.S.

He does not expect a profitable first quarter this year, however, in

view of the depressed state of the steel industry.

Just about all of Hanna's businesses suffered last year. For example, the 27 per cent-owned Iron Ore Company of Canada lost \$37.5m, compared with profits of \$104m in 1981, while U.S. iron ore operations lost \$3.1m against a profit of \$4.6m.

Coal operations returned profits of \$1.9m, compared with \$2.3m in 1981. The 50 per cent-owned Colorado Coal in Colorado contributed \$9.5m to profits, against just \$1.5m in 1981, but this gain was largely offset by losses on the eastern coal businesses.

Jimberlana in fund-raising

THE Australian gold producer Jimberlana Minerals has raised A\$250,000 (£160,000) from a share placement and a further A\$615,942 by an underwritten renounceable issue of shares and linked options.

The money will be used partly to fund existing projects, including the 50 per cent-owned Minador gold mine in South Africa, and the Minador copper-zinc-silver-gold prospect in Indonesia, and for further acquisitions.

The placement of 1m shares was made at a price of 50 cents per share, against yesterday's closing level in London of 17p.

Marindque Mining and Industrial of the Philippines, which produces nickel and copper with cobalt, gold and silver as by-products, suffered a net loss of Pesos 1.5bn (£107m) in 1982, against a deficit of Pesos 900m in 1981.

Leo Gonzaga reports from Manila that no details are available, but

it is assumed that Marindque's high level of debt and interest payments accounted for most of the loss.

Philux Mining, another company in the Philippines, returned a net profit of Pesos 222m last year, up from Pesos 129m in 1981.

The company, a producer of copper, gold and silver, has a much lighter debt burden than Marindque, and also benefits from the possession of the highest-grade

ores in the country.

A staking rush has developed in the King Bay sector of the Sturgeon Lake area of north-western Ontario following encouraging gold drilling results by Steep Rock Iron Mines. While the interest aroused is nowhere near the enthusiasm generated by the highly-promising Hemlo deposit, our Toronto correspondent reports that nearly 1,000 claims, covering about 40,000 acres, have been pegged.

Smurfit closures add to paper sector rundown

BY MAURICE SAMUELSON

SMURFIT, part of the Irish-based Jefferson Smurfit group, yesterday became the fourth member of the British paper industry since the start of the year to announce a cut in capacity.

On May 1 it is to close its two specialty paper machines at the Alders Paper Mill, Tamworth, with the loss of 180 of the mill's 290 employees.

The move, which follows the recent closure of a small Smurfit mill at Oxford, marks the group's exit

from the manufacture of specialty paper used for stationery.

It takes the number of redundancies in the UK paper and board industry since the beginning of 1983 to more than 2,000 close to last year's total.

Wiggins-Teepe last week said it planned to shed 1,000 jobs at three sites, Thames Board is to close a Warrington mill employing 790, and another 100 jobs are to go at Trinity paper mills, owned by the Liverpool Daily Post and Echo newspaper group.

Legislation likely on 'cowboy' receivers

BY DAVID DODWELL

THE PROBLEM of "cowboy receivers" who move in to make rich pickings when a company becomes insolvent is soon likely to be the subject of a Bill in Parliament, according to Sir Kenneth Cork, author of a government report on insolvency.

"There are some unsuitable people in business as receivers," Sir Kenneth said. "This brings the system into discredit, though it has not yet become a problem on a major scale."

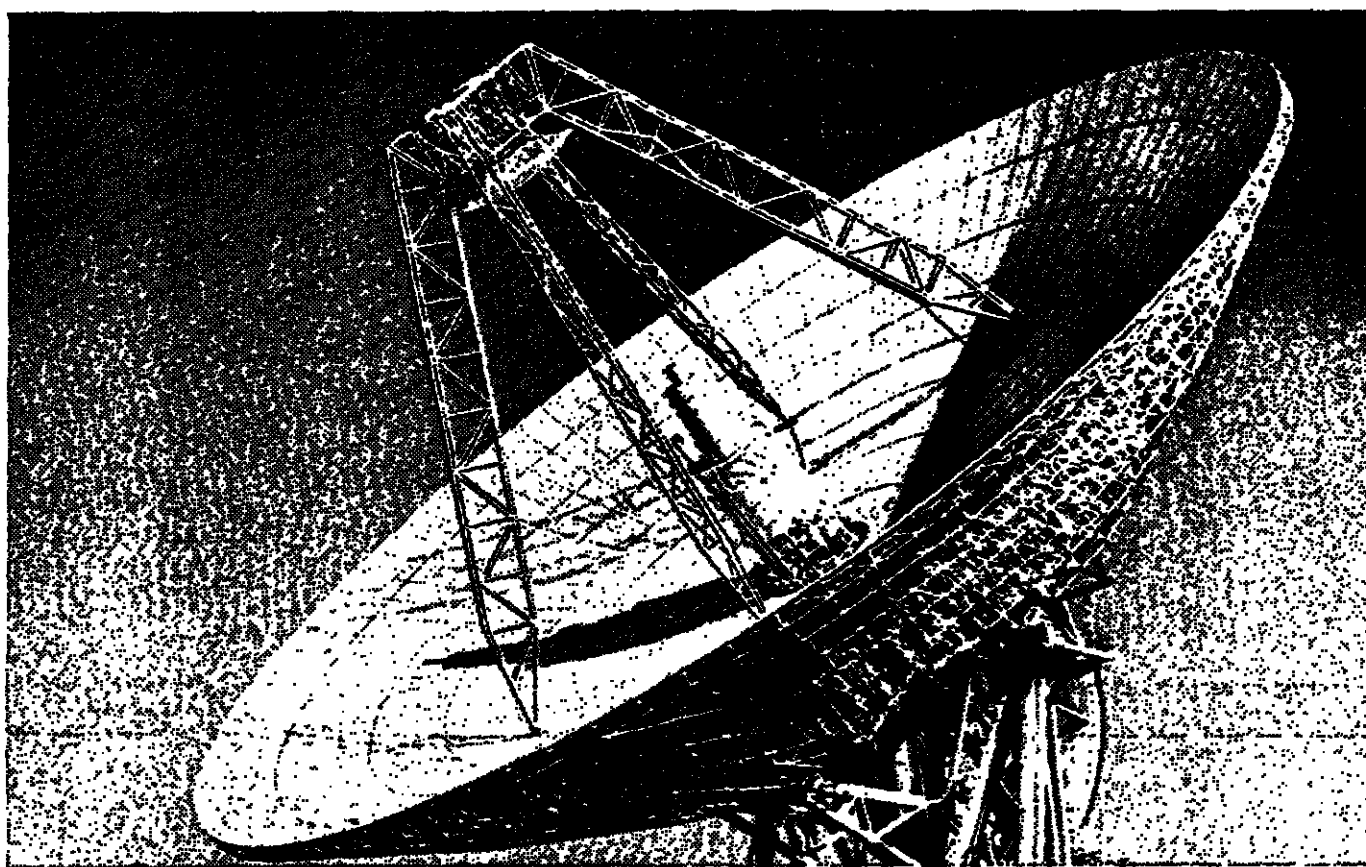
He said the Government had accepted in principle the recommendations of the Cork Report, which was submitted to the Department of Trade in March last year after almost four years of investigation. These were:

● A receiver must be someone qualified, by examination, with one of the exams to be an insolvency law. He or she need not be a chartered accountant, but the professions of which he or she is a member must have a disciplinary body;

● There must be an insurance bond to cover the receiver's integrity;

● A receiver must have been in practice for five years with an appropriate recognised body.

A bill would also be likely to deal with powers to discipline directors putting companies into receivership, and with powers enabling an administrator to act quickly enough to save a company in difficulties.



IN TOUCH

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EQUITIES

Issue Price	Amount	1982/3	Stock	Div.	Yield	P.A.
High	Low					
108	108	108	108	108	108	108
109	109	109	109	109	109	109
110	110	110	110	110	110	110
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113	113	113	113	113	113	113
114	114	114	114	114	114	114
115	115	115	115	115	115	115
116	116	116	116	116	116	116
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120	120	120	120	120	120	120
121	121	121	121	121	121	121
122	122	122	122	122	122	122
123	123	123	123	123	123	123
124	124	124	124	124	124	124
125	125	125	125	125	125	125
126	126	126	126	126	126	126
127	127	127	127	127	127	127
128	128	128	128	128	128	128
129	129	129	129	129	129	129
130	130	130	130	130	130	130
131	131	131	131	131	131	131
132	132	132	132	132	132	132
133	133	133	133	133	133	133
134	134	134	134	134	134	134
135	135	135	135	135	135	135
136	136	136	136	136	136	136
137	137	137	137	137	137	137
138	138	138	138	138	138	138
139	139	139	139	139	139	139
140	140	140	140	140	140	140

FIXED INTEREST STOCKS

Issue Price	Amount	1982/3	Stock	Div.	Yield	P.A.
High	Low					
100	100	100	100	100	100	100
101	101	101	101	101	101	101
102	102	102	102	102	102	102
103	103	103	103	103	103	103
104	104	104	104	104	104	104
105	105	105	105	105	105	105
106	106	106	106	106	106	106
107	107	107	107	107	107	107
108	108	108	108	108	108	108
109	109	109	109	109	109	109
110	110	110	110	110	110	110
111	111	111	111	111	111	111
112	112	112	112	112	112	112
113	113	113	113	113	113	113
114	114	114	114	114	114	114
115	115	115	115	115	115	115
116	116	116	116	116	116	116
117	117	117	117	117	117	117
118	118	118	118	118	118	118
119	119	119	119	119	119	119
120	120	120	120	120	120	120
121	121	121	121	121	121	121
122	122	122	122	122	122	122
123	123	123	123	123	123	123
124	124	124	124	124	124	124
125	125	125	125	125	125	125
126	126	126	126	126	126	126
127	127	127	127	127	127	127
128	128	128	128	128	128	128
129	129	129	129	129	129	129
130	130	130	130	130	130	130
131	131	131	131	131	131	131
132	132	132	132	132	132	132
133	133	133	133	133	133	133
134	134	134	134	134	134	134
135	135	135	135	135	135	135
136	136	136	136	136	136	136
137	137	137	137	137	137	137
138	138	138	138	138	138	138
139	139	139	139	139	139	139
140	140	140	140	140	140	140

"RIGHTS" OFFERS

Issue Price	Dividend	Yield	P.A.	1982/3		Stock	Dividend	Yield	P.A.
				High	Low				
98	F.P.	28 1/2	13 1/2	548	94	Arlen Elec.	948	12 1/2	12 1/2
99	F.P.	28 1/2	13 1/2	540	100	Belvidere	120	12 1/2	12 1/2
90	F.P.	28 1/2	13 1/2	180	100	Clary Oil "B"	100	10 1/2	10 1/2
91	F.P.	28 1/2	13 1/2	180	100	Crescent	100	10 1/2	10 1/2
92	Mil	14 1/2	11 1/2	560	100	Crescent Power Group	400	10 1/2	10 1/2
93	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
94	F.P.	14 1/2	11 1/2	100	50	Deer Creek	100	10 1/2	10 1/2
95	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
96	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
97	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
98	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
99	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
00	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
01	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
02	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
03	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
04	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
05	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
06	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
07	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
08	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
09	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
10	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
11	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
12	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
13	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
14	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
15	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
16	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
17	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
18	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
19	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
20	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
21	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
22	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
23	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
24	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
25	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
26	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
27	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
28	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
29	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
30	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
31	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
32	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
33	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
34	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
35	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
36	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
37	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
38	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
39	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
40	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
41	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
42	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
43	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
44	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
45	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
46	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
47	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
48	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
49	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
50	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
51	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
52	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
53	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
54	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
55	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
56	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
57	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
58	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
59	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
60	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
61	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
62	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
63	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
64	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
65	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
66	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
67	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
68	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
69	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
70	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
71	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
72	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
73	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
74	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
75	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
76	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
77	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
78	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
79	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
80	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
81	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
82	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
83	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
84	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
85	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
86	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
87	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
88	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
89	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
90	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
91	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
92	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
93	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
94	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
95	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
96	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
97	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
98	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
99	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
00	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
01	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
02	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
03	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
04	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
05	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
06	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
07	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
08	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
09	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
10	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
11	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
12	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
13	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
14	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
15	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
16	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
17	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
18	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/2
19	Mil	14 1/2	11 1/2	560	100	Deer Creek	100	10 1/2	10 1/

AUTHORISED UNIT TRUSTS

[illegible]**ET UNIT TRUST INFORMATION SERVICE**

Lawrence Fund Mgmt. (g)			Henderson Administration (a) (b) (c)			Lloyd's Life Unit Tr. Mngrs. Ltd.			National Westminster (a)		
100% Place London EC1V 0HU	01-245 9321		100% 5, Parkside Road, Richmond	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Edinburgh Fund Managers Ltd.			Local Authorities' Mutual Invest. Tr.			M & G Group Plc			NEL Trust Managers Ltd. (a) (b)		
100% 100% 100%	031-226 4931		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	031-226 4931		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Equity & Law Unit Tr. M. (a) (b) (c)			Merchants' Investment Tr.			Norwich Insurance Group (b)			Overseas Practical Fund Mgmt Ltd.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Fidelity International Management Ltd.			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Franklin Unit Tr. Mngts. Ltd.			Northbrook Investment Tr.			Prudential Investment Tr.			Real Estate Investment Tr.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Guinness Investment Tr. Mngts. Ltd.			Overseas Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Harbour Investment Tr. Mngts. Ltd.			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Heritage Investment Tr. Mngts. Ltd.			Northbrook Investment Tr.			Prudential Investment Tr.			Real Estate Investment Tr.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Investment Bank of Ireland (a)			Overseas Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Key Fund Managers Ltd. (a) (b) (c)			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Key Fund Managers Ltd. (a) (b) (c)			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Key Fund Managers Ltd. (a) (b) (c)			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Key Fund Managers Ltd. (a) (b) (c)			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Key Fund Managers Ltd. (a) (b) (c)			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Key Fund Managers Ltd. (a) (b) (c)			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Key Fund Managers Ltd. (a) (b) (c)			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Key Fund Managers Ltd. (a) (b) (c)			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Key Fund Managers Ltd. (a) (b) (c)			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Key Fund Managers Ltd. (a) (b) (c)			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Key Fund Managers Ltd. (a) (b) (c)			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Key Fund Managers Ltd. (a) (b) (c)			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Key Fund Managers Ltd. (a) (b) (c)			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Key Fund Managers Ltd. (a) (b) (c)			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Key Fund Managers Ltd. (a) (b) (c)			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Key Fund Managers Ltd. (a) (b) (c)			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258		100% 100% 100%	01-275258		100% 100% 100%	01-275258	
Key Fund Managers Ltd. (a) (b) (c)			Monks Investment Tr.			Paragon Investment Tr.			Perpetual Unit Trust Mngmt.		
100% 100% 100%	01-245 9321		100% 100% 100%	01-275258</							

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INSURANCES

SINCE 5 P. (7 days)				DRAIVE FUND				AA Friendly Society			
Standard Life Trust Mgmt. Ltd.				Investment Mgmt. Co. & E. Inc.				Mays (10)			
J. Gordon St. Edinburgh, E142 7E2				031 225 2522				0222 354 444			
Accum Unit				113.7				AA Friendly Soc Ltd			
Accum Unit				113.7				51 4			
Stewart Unit Tr. Managers Ltd (a)				031 226 3271				Abbey Life Assurance Co. Ltd			
45, Chaucer St., Edinburgh				031 226 3271				Churchman & Co. Ltd			
Accum Unit				113.7				01-336 9117			
Accum Unit				113.7				Property Ltd			
Accum Unit				113.7				21.0			
British Canal				113.7				22.4			
Accum Unit				113.7				1.0			
European Fund				113.7				1.0			
Mallam Fund				113.7				1.0			
Dist. Unit & Fd				113.7				1.0			
Sun Alliance Fund Management Ltd.				040 164 1411				1.0			
Sun Alliance Unit				113.7				1.0			
Sun Unit 12				113.7				1.0			
The Family Fund				113.7				1.0			
Swiss Life Pm. Tr. Mgmt. Co. Ltd (a)				01-236 2681				1.0			
6-12 Chaucer, London, EC7A 4LH				113.7				1.0			
Early Day Unit				113.7				1.0			
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Early Day Unit				113.7				1			

TRADED OPTIONS

[illegible]

LONDON TRADED OPTIONS

								CALLS				PUTS			
Option		April	July	Oct.	April	July	Oct.								
BP (USP \$10)	260	56	—	—	3	—	—								
"	280	58	—	—	—	—	—								
"	300	22	30	40	20	34	30								
"	350	5	14	22	58	46	50								
"	360	5	5	—	64	66	—								
OGF (USP 552)	420	135	140	—	3	6	—								
"	460	95	105	—	7	19	—								
"	500	62	80	90	20	37	32								
"	550	37	50	60	40	44	54								
CTD (USP 86)	70	19	21	22	2	2 1/2	3 1/2								
"	80	10	15	15	3 1/2	5	7								
"	90	4	—	—	7	—	—								
CWA (USP 147)	120	29	31	—	2	4	—								
"	130	20	24	—	9	9	—								
"	140	16	17	—	4	12	14								
"	160	6	9	11	22	22	25								
GEO (USP 200)	180	30	37	45	5	8	10								
"	197	15	—	—	11	—	—								
"	200	—	23	30	—	18	20								
"	217	6	—	—	—	—	—								
"	220	—	—	—	—	24	—								
"	227	6	10	—	39	44	—								
"	240	—	7	—	—	44	—								
"	260	2	—	—	62	62	—								
GMN (USP 244)	240	105	—	—	1	—	—								
"	260	85	—	—	5	—	—								
"	280	63	72	—	4	—	—								
"	300	45	58	—	—	—	—								
"	320	25	36	28	11	14	—								
"	350	9	18	24	27	31	34								
ICI (USP 390)	390	114	—	—	2	—	—								
"	280	94	102	—	2	—	—								
"	330	64	72	—	4	—	—								
"	360	38	46	52	10	15	18								
"	390	20	32	40	22	28	32								
"	420	9	16	26	44	48	52								
LS (USP 294)	240	57	47	—	2	—	—								
"	260	37	28	—	4	—	—								
"	280	22	28	36	8	13	17								
"	300	9	14	—	17	21	—								
M & S (USP 214)	160	67	37	42	3	1 1/2	—								
"	180	20	27	—	3	—	—								
"	200	65	31	27	6	10	13								
"	220	13	17	24	13	18	21								
"	240	4	8	—	21	24	—								
SHL (USP 410)	320	28	36	44	13	16	30								
"	420	14	20	30	30	36	40								
"	460	7	11	—	15	19	—								

								CALLS				PUTS			
Option		Feb.	May	Aug.	Feb.	May	Aug.								
BBL (USP 441)	350	—	—	—	1	—	—								
"	360	68	67	97	1	5	10								
"	380	53	57	67	2	10	17								
"	420	20	25	45	4	22	58								
IMP (USP 128)	90	29	29	—	0 1/2	1	—								
"	100	19	25	—	0 1/2	1	—								
"	110	19	28	—	1	2	8								
"	120	10	15	—	3	6	—								
"	130	5 1/2	8	—	7	12	12								
LMO (USP 367)	360	15	37	50	8	18	26								
"	380	15	37	30	3	15	22								
"	300	2	16	25	37	45	52								
"	350	2	8	16	67	67	72								
"	360	2	2	—	97	97	—								
"	390	2	2	—	127	127	—								
LNR (USP 98)	50	38	—	—	0 1/2	—	—								
"	60	19	20	—	1	—	—								
"	80	9 1/2	11 1/2	14	1	5	7								
"	90	2	6	—	1	12	16								
"	100	2	—	—	—	—	—								
P & O (USP 118)	100	19	24	26	1	2	5								
"	110	5	10	13	4	9	15								
"	120	5	10	13	4	9	15								
"	130	1	6	9	14	17	24								
"	140	—	—	—	16	26	—								
"	160	0 1/2	1	—	42	46	—								
RCL (USP 477)	460	92	—	—	1	—	—								
"	480	64	—	—	3	—	—								
"	500	44	46	56	6	15	24								
"	520	4	22	27	25	30	35								
"	540	3	10	15	30	35	40								
"	560	3	8	9	125	125	130								
"	580	1	2	—	175	175	—								
RTZ (USP 544)	350	217	—	—	—	—	—								
"	360	187	—	—	—	—	—								
"	380	157	160	—	1	1	2								
"	420	127	130	150	1	6	6								
"	460	87	103	1	1	—	—								
"	500	47	70	77	4	20	30								
"	550	9	40	47	17	42	47								
VRF (USP \$118)	40	2	—	—	0 1/2	—	—								
"	45	68 1/2	—	—	0 1/2	—	—								
"	50	61 1/2	—	—	0 1/2	—	—								
"	55	56 1/2	56 1/2	47	0 1/2	1	—								
"	60	36 1/2	36 1/2	27	0 1/2	1 1/4	—								
"	65	30 1/2	30 1/2	18	0 1/2	1	8								
"	70	26 1/2	26 1/2	12	0 1/2	3	7 1/2								
"	75	22 1/2	22 1/2	10	1 1/2	1 1/2	12								
"	80	19 1/2	19 1/2	10	1 1/2	1 1/2	12								
"	85	16 1/2	16 1/2	10	1 1/2	1 1/2	12								
"	90	13 1/2	13 1/2	10	1 1/2	1 1/2	12								

Feb. 5 Total Contracts 5,192

Oct. 2,771

Put. 161

**The March issue of The Banker
will be discussing**

- ★ Aims and progress in harmonising the EEC's regulations for the banking sector.
- ★ The supervisory aspects of the banking regulations under discussion in the EEC.
- ★ The European investment bank — a profile of the EEC's bankers.
- ★ ECU — the moves to create a clearing house.
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London 16 & 17 February, 1983

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Contact the Financial Times Conference Organisation on Telephone 01-621 1356 or Telex London 27347 to obtain details.

INSURANCE & OVERSEAS MANAGED FUNDS

[illegible][illegible][illegible]

AMERICAN QUARTERLY RESULTS

ALASKA AIRLINES				EMERSON ELECTRIC				A. H. ROBINSON CO.				PITTSBURGH			
Fourth quarter	1982	1981		Fourth quarter	1982	1981		Fourth quarter	1982	1981		Fourth quarter	1982	1981	
Revenue	33.5m	42.5m		Revenue	811.4m	842.0m		Revenue	120.8m	116.7m		Revenue	392.8m	397.4m	
Net profit	33.5m	42.5m		Net profit	72.5m	71.5m		Net profit	15.7m	15.5m		Net profit	10.5m	10.5m	
Net per share	0.04	0.05		Net per share	1.08	1.04		Net per share	0.56	0.44		Net per share	0.72	0.72	
Year	234.5m	182.0m		Year	482.3m	450.9m		Year	482.3m	450.9m		Year	2,426m	2,220m	
Net profit	10.57m	7.67m		Net profit	46.9m	44.2m		Net profit	46.9m	44.2m		Net profit	71.7m	42.8m	
Net per share	1.28	1.08		Net per share	1.98	1.77		Net per share	1.98	1.77		Net per share	1.03	1.13	
ALCO STANDARD				ENTEX INC.				ROYAL TRUST CO.				PHELPS PETROLEUM			
First quarter	1982	1981		First quarter	1982	1981		First quarter	1982	1981		Fourth quarter	1982	1981	
Revenue	687.2m	710.2m		Revenue	357.9m	304.2m		Revenue	114.8m	114.8m		Revenue	15.89m	16.27m	
Net profit	14.44m	16.95m		Net profit	13.52m	7.86m		Net profit	15.22m	23.9m		Net profit	4.09m	4.09m	
Net per share	1.37	1.58		Net per share	0.54	0.37		Net per share	1.97	1.52		Net per share	1.33	1.33	
Year	2,350m	2,520m		Year	1,016.1m	835.3m		Year	482.3m	450.9m		Year	158.9m	162.7m	
Net profit	54.60m	74.14m		Net profit	1.08	0.84		Net profit	1.08	0.84		Net profit	4.09m	4.09m	
Net per share	5.05	6.58		Net per share	1.08	0.84		Net per share	1.08	0.84		Net per share	1.33	1.33	
AMERICAN PETROLEUM				FORT HOWARD PAPER				SCOVILL INC.				U.S. & G.			
Fourth quarter	1982	1981		Fourth quarter	1982	1981		Fourth quarter	1982	1981		Fourth quarter	1982	1981	
Revenue	530.2m	510.2m		Revenue	128.4m	114.8m		Revenue	169.2m	190.0m		Revenue	59.1m	60.4m	
Net profit	14.44m	16.95m		Net profit	23.28m	20.52m		Net profit	6.05m	4.99m		Net profit	40.68m	38.56m	
Net per share	1.37	1.58		Net per share	0.57	0.78		Net per share	0.54	0.53		Net per share	1.42	1.38	
Year	2,350m	2,520m		Year	537.0m	471.3m		Year	681.4m	817.9m		Year	59.1m	60.4m	
Net profit	54.60m	74.14m		Net profit	23.28m	20.52m		Net profit	6.05m	4.99m		Net profit	40.68m	38.56m	
Net per share	5.05	6.58		Net per share	3.43	3.08		Net per share	1.60	1.58		Net per share	1.42	1.38	
CENTEX				KNIGHT-RIDDER				SHELL CANADA				U.S. TOBACCO			
Third quarter	1982	1981		Third quarter	1982	1981		Third quarter	1982	1981		Third quarter	1982	1981	
Revenue	244.4m	249.0m		Revenue	365.8m	331.5m		Revenue	19.0m	26.0m		Revenue	86.0m	75.2m	
Net profit	9.22m	6.59m		Net profit	36.15m	23.21m		Net profit	19.0m	26.0m		Net profit	15.12m	10.56m	
Net per share	0.70	0.50		Net per share	1.09	0.90		Net per share	0.14	0.20		Net per share	0.53	0.40	
Year	715.4m	608.4m		Year	1,230m	1,240m		Year	13.2m	23.6m		Year	320.5m	280.2m	
Net profit	25.42m	21.88m		Net profit	102.9m	106.4m		Net profit	13.2m	23.6m		Net profit	55.2m	49.0m	
Net per share	1.94	1.66		Net per share	8.14	8.16		Net per share	1.09	1.12		Net per share	2.01	1.57	
CONE MILLS				RAYMOND INTERNATIONAL				SOUTH NEW ENG. TELE.				ZAPATA CORPORATION			
Fourth quarter	1982	1981		Fourth quarter	1982	1981		Fourth quarter	1982	1981		First quarter	1982	1981	
Revenue	146.1m	122.0m		Revenue	454.0m	395.8m		Revenue	281.7m	260.3m		Revenue	126.1m	121.3m	
Net profit	2.64m	8.07m		Net profit	0.48	0.80		Net profit	281.7m	260.3m		Net profit	20.66m	22.69m	
Net per share	0.48	1.21		Net per share	0.48	0.80		Net per share	1.59	1.56		Net per share	1.08	1.08	
Year	682.5m	687.5m		Year	1,820m	1,090m		Year	1,080m	1,090m		Year	126.1m	121.3m	
Net profit	12.81m	33.72m		Net profit	1.92	2.86		Net profit	91.2m	109m		Net profit	20.66m	22.69m	
Net per share	2.32	5.87		Net per share	1.92	2.86		Net per share	6.12	7.68		Net per share	1.08	1.08	

2nd MARCH 1983 REDEMPTION

PROVINCE OF NEWFOUNDLAND
U.S. \$20,000,000 8½% Bonds 1986

DRAWING OF BONDS

Notice is hereby given that a drawing of bonds of the above loan took place on 20th January 1983 attended by Mr. Keith Francis Croft Baker of the firm of John Venn & Sons, Notary Public, when 2,000 bonds for a total of U.S.\$20,000,000 nominal capital were drawn for redemption at par on 2nd March 1983, from which date all interest thereon will cease.

The nominal amount of this loan outstanding after 2nd March 1983 will be U.S.\$6,000,000.

The following are the numbers of the bonds drawn:

38	40	222	226	521	534	545	549	555	560	564	581	584	585	591	597	622	629	667	678
690	717	718	721	727	748	829	831	834	843	870	881	898	913	917	930	933	950	972	983
991	1068	1082	1084	1202	1204	1212	1213	1216	1224	1232	1238	1248	1256	1260	1270	1271	1275	1276	1281
1279	1281	1302	1309	1321	1325	1330	1334	1338	1341	1358	1361	1368	1374	1375	1381	1415	1427	1430	1431
1434	1436	1439	1450	1470	1472	1473	1474	1475	1476	1477	1478	1479	1480	1481	1482	1483	1484	1485	1486
1487	1488	1489	1490	1491	1492	1493	1494	1495	1496	1497	1498	1499	1500	1501	1502	1503	1504	1505	1506
1507	1508	1509	1510	1511	1512	1513	1514	1515	1516	1517	1518	1519	1520	1521	1522	1523	1524	1525	1526
1527	1528	1529	1530	1531	1532	1533	1534	1535	1536	1537	1538	1539	1540	1541	1542	1543	1544	1545	1546
1547	1548	1549	1550	1551	1552	1553	1554	1555	1556	1557	1558	1559	1560	1561	1562	1563	1564	1565	1566
1567	1568	1569	1570	1571	1572	1573	1574	1575	1576	1577	1578	1579	1580	1581	1582	1583	1584	1585	1586
1587	1588	1589	1590	1591	1592	1593	1594	1595	1596	1597	1598	1599	1600	1601	1602	1603	1604	1605	1606
1607	1608	1609	1610	1611	1612	1613	1614	1615	1616	1617	1618	1619	1620	1621	1622	1623	1624	1625	1626
1627	1628	1629	1630	1631	1632	1633	1634	1635	1636	1637	1638	1639	1640	1641	1642	1643	1644	1645	1646
1647	1648	1649	1650	1651	1652	1653	1654	1655	1656	1657	1658	1659	1660	1661	1662	1663	1664	1665	1666
1667	1668	1669	1670	1671	1672	1673	1674	1675	1676	1677	1678	1679	1680	1681	1682	1683	1684	1685	1686
1687	1688	1689	1690	1691	1692	1693	1694	1695	1696	1697	1698	1699	1700	1701	1702	1703	1704	1705	1706
1707	1708	1709	1710	1711	1712	1713	1714	1715	1716	1717	1718	1719	1720	1721	1722	1723	1724	1725	1726
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1887	1888	1889	1890	1891	1892	1893	1894	1895	1896	1897	1898	1899	1900	1901	1902	1903	1904	1905	1906
1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926
1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946
1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000						

Witness: K. F. C. Baker, Notary Public.

The above bonds may be presented for redemption at par on or after 2nd March 1983 at the offices of the paying agents named on the coupons for payment in the manner specified in Condition 5 of the Terms and Conditions of the Bonds. If the bonds are presented for redemption on or after 2nd March 1983, all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the sum to be repaid.

Principal Paying Agent: N. M. Rothschild & Sons Limited, New Court, St. Swinburn Lane, London EC4P 4DU.

4th February 1983

INTERNATIONAL CAPITAL MARKETS

\$500m EIGHT-YEAR LOAN

Korea accepts tougher terms

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

SOUTH KOREA has accepted markedly tougher terms on its latest international borrowing, a \$500m eight-year syndicated loan mandated yesterday by the Korea Exchange Bank (KEB).

The loan is to be divided into two tranches, each of \$250m. One of these is priced at a margin of 1½ per cent over London Eurodollar rates, and the other at 0.2 per cent over U.S. prime rate. Repayment of both tranches begins after a four-year grace period.

As late as last autumn another large Korean borrower, the Korea Development Bank (KDB) raised an eight-year loan of \$300m with a

\$200m tranche

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SECTION III - INTERNATIONAL MARKETS
FINANCIAL TIMES

Friday February 4 1983

WALL STREET

**Drama gives
way to
tranquility**

MORE tranquil conditions returned to New York's financial markets yesterday morning after a volatile trading passage through the previous three sessions, writes Duncan Campbell-Smith in New York.

On the New York Stock Exchange advancing stocks outnumbered those declining by nine to five on a trading volume of 78.89m. shares. The Dow Jones industrial average, having meandered through most of the day on the up side closed just 2.02 ahead at 1,004.66.

The rail stocks provided the one exception to the generally quieter mood, with prospective changes in the regulatory environment of the industry sparking sharp moves by many of the leading companies in the sector. The DJ Transportation index as a result jumped 12.79 to 474.67. One principal gainer was Rio Grande Industries, which closed up 5 1/4% at \$55 1/4.

Of the most active stocks, Pan American extended its dramatic run of recent days, up 3 1/4% to \$5 1/4 on 2.77m shares.

This increased its gain since Monday's close to 1 1/4, a 38 per cent appreciation

in three days. Interest in the airline's prospects has been focused, according to analysts, by the appearance of a detailed prospectus to accompany a proposed \$100m debt offering. Its results came after the close last night.

International Harvester, also a regular fixture on the active list in recent days, and another company with a vexed future, lost some of the ground gained earlier this week, and closed down 5 1/4% to \$8 1/4. At the end of last week Harvester stood at \$4 1/4.

The release of January sales figures for the major retailers helped most of the leading stocks in this sector. Sears gained 3 1/4% to \$30 1/4, K-mart 3 1/4% to \$27 1/4, and J. C. Penney 3 1/4% to \$53 1/4. Encouraging January car sales figures from Detroit, however, had little apparent impact on the market.

Major companies reporting their results included Nabisco Brands, down 1 1/4% to \$36 1/4, and Dow Chemical, which was unchanged at \$27 1/4. Dow, with 1982 earnings at \$2.07 per share against \$3, announced pre-tax write-offs of \$102m as a result largely of its withdrawal from joint ventures in Yugoslavia and Saudi Arabia.

Strong earnings reports from two major defence contractors gave their stocks a fillip, with General Dynamics up 1 1/4% to \$38 and Grumman up 5 1/4% to \$49 1/4.

Prices rallied in the bond and money markets during the morning but fell back in the afternoon to leave interest rates flat to slightly higher. Dealers continued to focus on the immediate impact of the Treasury's current funding exercise, and Wednesday's confirmation

from Washington that January had seen an explosive growth of the M2 money supply was received with only the mildest interest on the trading floors.

Federal funds traded through most of the morning at about 8 1/4 per cent, moving after midsession up to 8 3/4 per cent. The three-month Treasury bill rate was unchanged around 8.41 per cent, but the six-month bill rose to about 8.78 per cent, both on a bond equivalent basis.

The new 9 1/4 per cent 1988 notes closed around 99 1/4% bid to yield 10.02 per cent against Tuesday's issuing yield of 9.98 per cent. The 10 1/4 per cent 1993 notes were 99 1/4% bid to yield 10.92 per cent against Wednesday's 10.94 per cent launching.

The 10 1/4 per cent bonds due 2012 dropped as much as 1/4 late in the day to 94 1/4% yielding 11.04 per cent. This issue was scheduled to be reopened after trading hours to raise \$3.5bn of new bonds which in midsession were trading on a when-issued basis to yield 10.96 per cent. Dealers expected the average yield for the new bonds to be around 11 per cent.

EUROPE

**Confidence
interspersed
with caution**

INVESTORS returning to the bourses yesterday morning were faced with no strong initial impulse either to buy or to sell. The declines encountered in Continental Europe on Wednesday, though widespread, had left few issues markedly undervalued; Wall Street's erratic showing overnight provided few pointers; and the interest rate outlook was not substantially clearer despite a more flexible monetary attitude indicated by the Reagan Administration.

But as the day progressed, a somewhat weaker dollar and steadier domestic bond markets gave encouragement to the scattered technical corrections which were occurring among stocks, and many centres finished with a firmer tone.

The refusal of the West German Bundesbank at its council meeting to make any downward adjustment in the Lombard and discount rates was received stoically, as hopes of such a move had dwindled by earlier in the week.

Among slightly firmer banks in Zurich, active Swiss Volksbank rose SwFr 30 to SwFr 1,270 but Bank Leu held steady around its previous level after reporting higher 1982 profits and an unchanged dividend. Insurance and financial issues made modest headway, while leading industrials showed gains for Ciba-Geigy, Sandoz and Nestlé.

Trading and price levels for bonds improved but dealers pointed out that the market had not yet fully recovered from its weakness last week.

Better corporate results for Siemens and Thyssen buoyed Frankfurt - the electrical concern added DM 3.90 to DM 261.20 and the steelmaker DM 1.60 to DM 68.60 - and the market received the additional benefit of an improved opinion poll standing for the conservative CDU and CSU parties.

Record unemployment figures were reported both for West Germany and for Belgium, where they were met with less equanimity and contributed to a continued depressed tone for domestic stocks in Brussels. The market ended broadly mixed with oils faring relatively well but electricals turning lower.

In thin Paris trading, Peugeot eased FFr 3.30 to FFr 134.20 after industrial unrest disrupted output for its Citroën subsidiary. Thomson-CSF firmed a franc to FFr 183 after Thomson-Brandt, its state-owned minority shareholder, reiterated its intention to buy control of Grundig.

A similar directionless pattern emerged in Amsterdam, with a mild upturn in industrials balanced by weakness in banks. Trading in RSV was halted after a selloff began on Wednesday. It went on to seek a suspension of payments following the state's refusal of more support.

Trading was thin too in Milan, amid worries that a row over the state energy corporation ENI could threaten the Government, and in Madrid, where electricals led a further downturn.

SOUTH AFRICA

Gold mixed

PROFIT-TAKERS made their presence felt towards the close in Johannesburg to provide golds with a mixed result.

Eastern Transvaal Consolidated fell R1.25 to R25.50 but gains elsewhere in the heavyweight end extended to R2. Mining financials followed but diamonds continued very firm, with De Beers 30 cents higher at the R10 mark and Anamint R6 stronger at R108.

DRG SA featured a firm industrial sector, up 25 cents at R3 after R3.20, attributed by dealers to a possible counter-bid to one by Kohler.

LONDON

**Broadening
of demand
brings peaks**

LEADING barometers of equity market trends rose to all-time records yesterday as investors warmed to revived signals of cheaper international money. Easier short-term U.S. interest rates, following the Administration's shift in monetary policy, superseded slightly lower UK levels as London credit markets had the shackles of nine months of tight money loosened yesterday.

Equity markets were also stimulated by continuing hopes of a give away budget and Wall Street's overnight recovery from earlier low values. Industrial shares went better from the opening bell as investment interest switched from secondary and situation issues to top-quality stocks, many of which had failed to participate in the recent upturn.

Numerous recent speculative favourites came back sharply as profits were realised to counter losses sustained in Australian stocks.

The FT Industrial Ordinary share index advanced 14.6 - the biggest one-day rise since last October - to its best-ever level of 646.8, while the broader FT-Actuaries All-share index breached 400 for the first time to close 1.4 per cent up at 403.02.

Sterling's recovery against the dollar yesterday - although it fell against other leading currencies - aroused enthusiasm for government securities. An absence of sellers fuelled the upturn which took specific longer-dated gilts up 1 1/4 points before being trimmed to around 1 1/4. Similarly the shorts settled a shade below the best with gains extending to about 1/4.

The major clearing banks attracted renewed investment support ahead of the forthcoming dividend season. Lloyds again led the advance with a gain of 13p at 463p after 456p. Barclays firmed 8p to 440p as did Midland to 338p and NatWest to 540p.

Good buying of the electrical leaders,

some on institutional account, found stock in short supply and resulted in double-figure gains. Plessey advanced 21p to 586p and Philips Lamps 22p to 809p. Late details of a colour TV agreement with JVC helped Thorn EMI's rise of 17p to 470p.

Increased consumer spending hopes, meanwhile, continued to spur the stores sector.

The Australian mining market was in disarray after heavy overnight selling on Sydney and Melbourne markets as news of a snap election emerged. A sharp markdown at the outset was followed by sustained selling pressure. An attempt at a rally proved short-lived as renewed offerings from London, Continental Europe and the U.S. left the majority of issues near the day's lowest levels.

South African golds staged a modest recovery after Wednesday's shake-out, but closed off the top failed to hold initial levels. Share information service, Page 30-31

AUSTRALIA

Election jitters

THE CALLING of a general election was not confirmed until well after the close in Sydney, but the announcement was preceded by a spate of well-founded rumours which served as a severe depressant on prices.

The All Ordinaries index suffered its largest one-day decline in more than a year, off 17.4 to 527.7, with mining stocks the worst hit. The Metals and Minerals index plunged 32.4 to 470.1 while the All Resources market slipped 24.5 to 414.3.

MIM fell 32 cents and CRA 26 cents, each to settle at AS4, and BHP 20 cents to AS7. Uranium also did badly in the light of opposition to the industry within the Labor Party. Similar fears hit Ashton Mining, threatened with a Labor review of its marketing arrangement with De Beers Central Selling Organisation.

Brokers said resource issues would be the most vulnerable because of nervous selloffs in the large foreign holdings there, whereas local investors could not support the market at current levels.

A hectic final hour in Melbourne wreaked similar havoc with share values. Banks and leading industrials were also affected.

FAR EAST

**Tokyo
makes a
rapid descent**

SPORADIC but widespread profit-taking, with foreign selling to the fore, pulled Tokyo share prices down sharply yesterday as investors appeared daunted by the steady if modest gains achieved in the market in the past week.

Steels suffered after the good overseas interest shown in the sector on Wednesday, as did nearly all the international populars which have U.S. listings.

The Nikkei-Dow Jones market average once more lost its grasp on the 8,000 level, with a 116.76 slide to end at 7,991.29 on moderate turnover of 480m shares against the previous 730m. The final hour of trading brought the heaviest offloading.

Among the blue chips Hitachi showed the earliest and most serious setback and dampened trading in other quality issues. Dealers ascribed the fall to the poor performance of the stock in New York overnight, where it ended off \$1 1/4 to \$32 1/4. On the Japanese market yesterday it faced bursts of sell orders and finished Y17 lower at Y762.

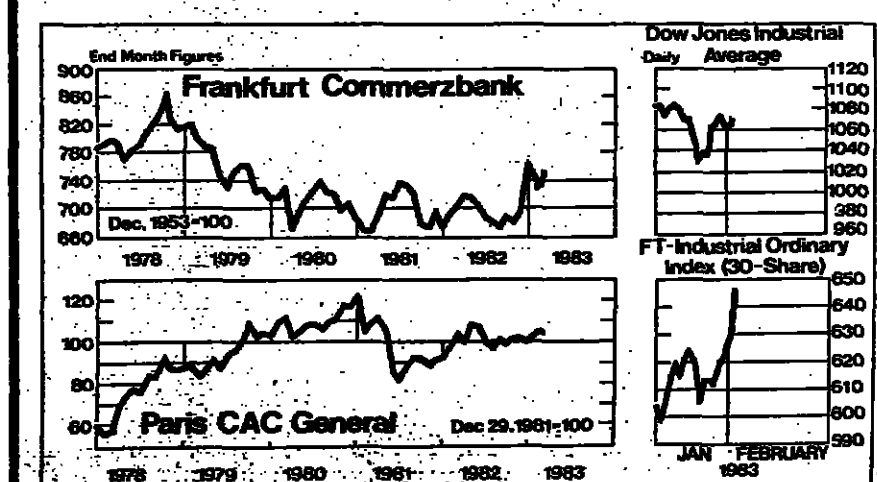
Mitsubishi Electric managed to stave off the pressure and close unchanged, drawing strength from news that it might link up with IBM in producing communications systems.

Government bond prices shed most of an early firmness in thin trading as the Finance Ministry declined this time to intervene.

Lacklustre Hong Kong trading left stocks somewhat easier, with the trading sector leading the downward drift. Swire Pacific was 30 cents lower at HK\$10.80 and Jardine Matheson 20 cents off at HK\$13.80.

Singapore, however, produced sustained buying support in dealings which were active though selective. Properties did well but commodities were neglected.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Feb 3	Previous	Year ago
DJ Industrials	1004.66	1002.64	845.03
DJ Transport	474.67	461.68	353.66
DJ Utilities	124.45	124.4	107.31
S&P Composite	144.27	143.23	116.48

LONDON	Feb 3	Previous	Year ago
FT Ind Ord	646.8	632.2	574.8
FT-A All-share	403.02	397.61	325.72
FT-A 500	455.78	429.92	348.88
FT-A Ind	411.28	405.16	319.02
FT Gold mines	676.8	673.3	292.6
FT Govt scts	77.51	77.18	64.66

TOKYO	Feb 3	Previous	Year ago
Nikkei-Dow	7,991.29	8,108.05	7,880.94
Tokyo SE	582.04	588.71	578.59

AUSTRALIA	Feb 3	Previous	Year ago
All Ord.	527.7	545.1	548.2
Metals & Mins.	470.1	502.5	365.4

AMSTERDAM	Feb 3	Previous	Year ago
Credit Aktien	49.08	49.22	56.18

BRUSSELS	Feb 3	Previous	Year ago
Belgian SE	103.28	103.82	94.32

CANADA	Feb 3	Previous	Year ago
Composite	2038.5	2031.6	1734.5

MONTREAL	Feb 3	Previous	Year ago
Industrials	346.45	346.12	301.48
Combined	334.14	332.96	285.94

DENMARK	Feb 3	Previous	Year ago
Copenhagen SE	103.35	103.42	96.52

FRANCE	Feb 3	Previous	Year ago
CAC Gen	103.3	104.2	105.2
Ind. Tendance	107.4	107.5	115.8

WEST GERMANY	Feb 3	Previous	Year ago
FAZ-Aktien	251.67	249.54	228.33
Commerzbank	757.0	750.3	698.1

HONG KONG	Feb 3	Previous	Year ago
Hang Seng	888.08	894.81	1394.15

ITALY	Feb 3	Previous	Year ago
Borsa Comm.	183.12	184.59	188.59

NETHERLANDS	Feb 3	Previous	Year ago
ANP-CBS Gen	105.5	105.0	88.8
ANP-CBS Ind	92.0	91.1	69.2

NORWAY	Feb 3	Previous	Year ago
Osto SE	129.15	128.68	113.75

SINGAPORE	Feb 3	Previous	Year ago
Straits Times	782.1	779.28	795.06

SOUTH AFRICA	Feb 3	Previous	Year ago
Gold	1079.5	1097.8	561.0
Industrial	831.8	816.4	706.3

SPAIN	Feb 3	Previous	Year ago
Madrid SE	103.28	104.15	105.45

SWEDEN	Feb 3	Previous	Year ago
J & P	1049.52	1044.82	588.65

SWITZERLAND	Feb 3	Previous	Year ago
Swiss Bank	301.3	298.9	249.9

GOLD (per ounce)	Feb 3	Previous	Year ago
London	\$489.50	\$507.50	\$507.50
Frankfurt	\$498.50	\$508.50	\$508.50
Zurich	\$498.50	\$508.50	\$508.50
Paris	\$502.85	\$510.78	\$510.78
New York futures (Feb)	\$507.30	\$503.70	\$503.70

CURRENCIES

U.S. DOLLAR	Feb 3	Previous	Year ago
£	1.5250	1.5150	1.5150
DM	2.4850	2.4850	3.75%
Yen	238.75	242.25	364%
FFr	6.8925	7.0775	10.6%
SwFr	2.0190	2.0475	3.0%
Guilder	2.7070	2.7340	4.1%
Lira	1419%	1427%	2183%
BPf	48.31	48.67	73.8%
CS	1.2340	1.2392%	1.880%

INTEREST RATES	Feb 3	Previous	Year ago
Three-month U.S.	9 1/4%	9 1/4%	9 1/4%
Six-month U.S.	9 1/4%	9 1/4%	9 1/4%
U.S. Fed Funds	8 1/4%	8 1/4%	8 1/4%
U.S. 3-month CDs	8.95%	8.95%	8.95%
U.S. 3-month T-bills	8.08%	8.14%	8.14%

FINANCIAL FUTURES	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT)				
9% 100,000 32nds of 100%				
March	73-10	74-05	73-08	73-24
U.S. Treasury Bills (TBM)				
\$1m points of 100%				
March	91.76	91.89	91.75	91.79
Sept	91.76	91.89	91.75	91.79
U.S. 3-month T-bills				
March	90.85	90.97	90.85	90.84

LONDON	Feb 3	Previous	Year ago
Three-month Eurodollar			
\$1m points of 100%			
March	90.49	90.55	90.40
20-year National Gilt			
£50,000 32nds of 100%			
March	99-09	99-23	98-17
Three-month Sterling Deposit			
£250,000 points of 100%			
March	88.90	88.95	88.86

LONDON COMMODITY MARKETS	Feb 3	Previous	Year ago
Silver (spot fixing)	942.75p	902.30p	902.30p
Copper (Cash)	£1069.50	£1054	£1054
Coffee (March)	£1679	£1677	£1677
Oil (spot Arabian light)	\$29.57	\$29.67	\$29.67

U.S. Treasury Note Yields	Feb 3	Previous	Year ago
Constant Maturity, 10-year			
1982			
1983			

U.S. Treasury Note Yields	Feb 3	Previous	Year ago
Constant Maturity, 10-year			
1982			
1983			

U.S. Treasury Note Yields	Feb 3	Previous	Year ago
Constant Maturity, 10-year			
1982			
1983			

U.S. Treasury Note Yields	Feb 3	Previous	Year ago
Constant Maturity, 10-year			
1982			
1983			

U.S. Treasury Note Yields	Feb 3	Previous	Year ago
Constant Maturity, 10-year			
1982			
1983			

U.S. Treasury Note Yields	Feb 3	Previous	Year ago
Constant Maturity, 10-year			
1982			
1983			

U.S. Treasury Note Yields	Feb 3	Previous	Year ago
Constant Maturity, 10-year			
1982			
1983			

U.S. Treasury Note Yields	Feb 3	Previous	Year ago
Constant Maturity, 10-year			
1982			
1983			

U.S. Treasury Note Yields	Feb 3	Previous	Year ago
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Planning to divest or acquire? The Morgan Bank knows the people you should talk to



International Mergers and Acquisitions officers based in London are Andreas Prindl, Francis Depré, and Georges van Erck. At left is Financial Analysis officer Margaret Campbell.

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NEW YORK STOCK EXCHANGE

NEW YORK			NEW YORK		
(Closing Price)	Vol	Chg	(Closing Price)	Vol	Chg
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197	100	0	197	100	0
198	100	0	198	100	0
199	100	0	199	100	0
200	100	0	200	100	0



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COMMODITIES AND AGRICULTURE

Zinc values fall as European prices drop

BY JOHN EDWARDS, COMMODITIES EDITOR

IN A surprise move, three zinc producers have decided to cut their posted price in Europe from \$800 to \$750 a tonne. Going against the recent surge in other metal markets, the move in zinc prices led the downward move in zinc to \$750 on Wednesday night and was quickly followed by A. M. and S. Europe, which runs the Avonmouth smelter in Britain, and then by Metallgesellschaft in West Germany.

The news brought an immediate fall in zinc values on the London Metal Exchange. The cash zinc price closed \$10 lower at \$243.5 a tonne, after losing \$9 the previous day.

The main reason given for the decision to cut the European zinc producer prices, at a time when other metal markets are booming, is that the strength of the dollar against sterling has made the dollar price charged by producers even more uncompetitive against the LME starting prices than before.

The rise in the LME cash price to a 13-month peak of \$243.5 a tonne earlier this week still meant a fall in dollar terms to around \$660 a tonne—against the official producer price of \$800 which for January was translated into sterling at \$243.5.

Advance in tin prices

BY OUR COMMODITIES EDITOR

TIN PRICES advanced strongly on the London Metal Exchange yesterday, following sustained buying by the International Tin Council. The standard grade cash price rose by \$138 to \$28,525 a tonne, while the 3-month price rose by \$138 to \$28,525 a tonne.

The tin market has achieved its objective of bringing London values into line with the Penang market, where the tin price rose by \$138 to \$28,525 a tonne.

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PRICE CHANGES

In tonnes unless stated otherwise	Feb. 3	Feb. 2	Month	Year
Aluminium	2,100.00	2,080.00	+	100.00
Aluminium (99.99%)	2,100.00	2,080.00	+	100.00
Aluminium (99.99%)	2,100.00	2,080.00	+	100.00
Aluminium (99.99%)	2,100.00	2,080.00	+	100.00
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Aluminium (99.99%)	2,100.00	2,080.00	+	100.00
Aluminium (99.99%)	2,100.00	2,080.00	+	100.00

LONDON OIL SPOT PRICES

CRUDE OIL - FOB (Barrel)	Latest	Change
Arabian Light	25.40	+0.10
Arabian Heavy	25.30	+0.10
Iranian Light	25.30	+0.10
Iranian Heavy	25.30	+0.10
North Sea (Forties)	25.30	+0.10
North Sea (Brent)	25.30	+0.10
North Sea (Lift)	25.30	+0.10
North Sea (Lift)	25.30	+0.10
North Sea (Lift)	25.30	+0.10
North Sea (Lift)	25.30	+0.10

GOLD MARKETS

Gold rose to \$502.50 on the London bullion market after opening very firm at \$500.50. The metal was fixed at \$500.00 in the morning, and \$500.50 in the afternoon, and touched a peak of \$500.50 and touched a low of \$500.00.

In Paris the 124 kilo bar was fixed at \$772.50 (124 kilo bar), compared with \$771.00 in the morning, and \$771.00 in the afternoon, and touched a peak of \$772.50 and touched a low of \$771.00.

In Luxembourg the 124 kilo bar was fixed at the equivalent of \$500.25 per ounce, against \$497.50.

	Feb. 3	Feb. 2
	Gold Bullion (fine ounce)	
	5002-503	18499.500 (23391.350)
loan	5002-503	5499.500; 5001; (2329-539.4)
paying	5002-507;2	5499.333 (2331.478)
change	5006	5499.333 (2331.478)
		5499.333 (2331.478)

Harrison Mining 1903.50		Gold Coins Feb. 3		Feb. 2	
Registered:	\$1202.50-28	(21394.540)	King Sov	\$119-1201	(278-78)
Unregistered:	\$968.57	(21374.1754)	Victorian Sov	\$119-1201	(278-78)
Unregistered:	\$120-127	(21394.540)	1000-1001	\$1015-1084	(5674-59)
Unregistered:	\$120-127	(21394.540)	50 piece Aust	\$967-910	(28984-4004)
Unregistered:	\$120-127	(21394.540)	1000 Cor. Aust	\$967-910	(28984-4004)
Unregistered:	\$120-127	(21394.540)	200 Eagles	\$965-905	(28904-3964)
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EUROPEAN MARKETS

ROTTERDAM, February 3.		251.75, Nov 251.30, Dec 255.50, Jan 245.50
Wheat—(U.S. \$ per tonne): U.S. No. 1		250.50 softest, Argentine June 246.50
1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 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190.75	Apr. 264	May 300.25	June 248	1890
July 291.75	Aug 234	Sept 254	Oct 1891	1892

Gold (1000 g)	Feb. 3	Feb. 2	Month	Year
Gold (1000 g)	502.50	500.50	+	2.00
Gold (1000 g)	502.50	500.50	+	2.00
Gold (1000 g)	502.50	500.50	+	2.00
Gold (1000 g)	502.50	500.50	+	2.00
Gold (1000 g)	502.50	500.50	+	2.00
Gold (1000 g)	502.50	500.50	+	2.00
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50,000 tonne potato sale talks

THE POTATO Marketing Board has begun formal talks about selling 50,000 tonnes of potatoes to frozen chip processors.

The potatoes, from PNB converted quantities, will be turned into frozen chips later this year. The potatoes are likely to be processed in addition to processors' normal requirements and will not interfere with purchasing arrangements for the rest of the season.

THE NFU has welcomed the Government's announcement of a thorough and independent review for compensating farmers whose property is damaged by coal-mining subsidence.

THE TOTAL world production of potatoes for 1982-83 is estimated at 185m tonnes, up 7.5 per cent from the previous season. The European Commission's oilseeds division, said demand is up 3.2 per cent from last season at around 177m tonnes.

THE Soviet Union has discovered a major phosphorus deposit in the Central Asian republic of Uzbekistan and plans to build a fertiliser plant there to exploit them. Reserves are estimated at 100m tonnes.

WEST GERMAN sugar production totalled 3,29m tonnes (white sugar) in 1982-83, compared with 3,39m tonnes the previous season.

SWISS chocolate makers reported a 1.5 per cent drop in sales volume in 1982 to 76,000 tonnes. However, sales rose in value to SwFr 861.1m (\$281.4m).

Outlook for 1983 depends on commodity prices and consumer trends, said the industry's association.

AFGHANISTAN is to import an enormous amount of Indian tea to meet shortages.

BRITISH COMMODITY MARKETS

Commodity	Price	Change
Aluminium	2,100.00	+100.00
Aluminium (99.99%)	2,100.00	+100.00
Aluminium (99.99%)	2,100.00	+100.00
Aluminium (99.99%)	2,100.00	+100.00
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Aluminium (99.99%)	2,100.00	+100.00
Aluminium (99.99%)	2,100.00	+100.00

Solutions to the problems that went against the grain



FT LONDON SHARE INFORMATION SERVICE

LOANS—Continued

Stock	Price	%	Div	Yield
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%

BANKS & H.P.—Cont.

Stock	Price	%	Div	Yield
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%

CHEMICALS, PLASTICS—Cont.

Stock	Price	%	Div	Yield
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%

ELECTRICALS—Continued.

Stock	Price	%	Div	Yield
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%

ENGINEERING

Stock	Price	%	Div	Yield
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%

DRAPERY AND STORES

Stock	Price	%	Div	Yield
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
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100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%

FOOD, GROCERIES—Cont.

Stock	Price	%	Div	Yield
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
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100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%

HOTELS AND CATERERS

Stock	Price	%	Div	Yield
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%

INDUSTRIALS (Misc.)

Stock	Price	%	Div	Yield
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
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100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%

FOREIGN BONDS & RAILS

Stock	Price	%	Div	Yield
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%

AMERICANS

Stock	Price	%	Div	Yield
100% 100% 100%	100%	100%	100%	100%
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100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%

BEERS, WINES AND SPIRITS

Stock	Price	%	Div	Yield
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
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100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%

BUILDING INDUSTRY, TIMBER AND ROADS

Stock	Price	%	Div	Yield
100% 100% 100%	100%	100%	100%	100%
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ELECTRICALS

Stock	Price	%	Div	Yield
100% 100% 100%	100%	100%	100%	100%
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100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%

CANADIANS

Stock	Price	%	Div	Yield
100% 100% 100%	100%	100%	100%	100%
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100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%
100% 100% 100%	100%	100%	100%	100%

BANKS & HIRE PURCHASE

Stock	Price	%	Div	Yield
100% 100% 100%	100%	100%	100%	100%
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LOANS

Stock	Price	%	Div	Yield
100% 100% 100%	100%	100%	100%	100%
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